



# **INTERNAL AUDIT AND ANTI-FRAUD PROGRESS REPORT**

London Borough of Southwark

*For presentation to the Audit, Governance and Standards Committee*

*7 September 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 2021-22 and 2022-23 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 2022-22 and 2022-23

All audit work relating to the 2021-22 has been completed, we are in the process of finalising four reports through further discussions with the relevant managers.

The status of the audits relating to 2021-22 and those commenced to date for 2022-23 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 2022-23

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 2022 to July 2022, and the assurance ratings are included in section 3.

An end of year report summarising the results and common themes arising from our school internal audit programme will be presented as part of our end of year reporting in June 2023.

## 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 fallen marginally from 87% to 86% since our last progress report (reported in February 2022). Timely updates and provision of evidence by the required deadlines has continued. There does remain some audits where the required updates and / or evidence has not been provided, therefore, the actual implementation rate may be higher than 86%.

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## Other internal audit work

We 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. An internal audit of phase 3 expenditure covering the period 1 April 2022 to 7 August 2022 is currently underway.

## 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 2022-23 to date

2022-23	Corporate Anti-Fraud		Housing Waiting List		Right to Buy		COVID-19 Referrals	
	Open	Closed	Open	Closed	Open	Closed	Open	Closed
C/f	12		0		0		27	
April 2022	4	4	5	4	5	0	0	0
May 2022	11	10	7	3	4	1	0	0
June 2022	4	2	2	5	2	5	0	0
July 2022	9	8	9	3	0	1	0	2
Total	40	24	22	23	13	12	27	2

*The figures represent investigations from 1 April 2022 to 31 July 2022.*

### Reactive Anti-Fraud investigations

There are currently 30 active Corporate Anti-fraud Team investigations. These can briefly be summarised as follows:

- Children & Adult Services 12 cases
- Environment & Leisure 2 cases
- Housing & Modernisation 3 cases
- Finance & Governance 9 cases
- CEO 4 cases
- COVID-19
  - Business Grants- 18 cases
  - Community Grants- 7 cases (linked to nine different applications)

An Assignment Agreement has been signed off with BEIS. All RHL and SBG Covid-19 Cases will be referred to BEIS in August 2022 for recovery, along with Covid-19 non-fraud related recovery cases, by the Business Rates Team. A number of Covid-19 community Grant cases remain with CAFT. The applicants have been invited to attend interviews but so far have not responded.

### Training

Corporate Anti-Fraud Team continue to work with Southwark learning to develop a new suite of eLearning to raise awareness across the council to combat fraud, bribery, corruption, and tax

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evasion. There is an opportunity to combine our training catalogue requirement with Adult Social Care's training needs to reduce the overall cost. CAT are waiting for confirmation from Training before submitting a joint proposal.

### Document Scanners

Five static ID scanners have been ordered and one mobile unit. These will be deployed across various sites to support the business needs of primary users, including Housing, The Registrar's Office, NRPF and HR. It is hoped that with the support from IT the installations and user training will be completed by the end of August 2022.

### 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 July 2022, we have received 23 referrals, five have been removed or rejected, eight have been recommended to be maintained, six are waiting for further information from the applicant, two have been transferred out for review by another team and two have no further action.

### Right to Buy

The council 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 1 April and 31 July 2022 there have been 11 referrals, one has been denied, eight have been approved and two have withdrawn.

### 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. The NFI 2022/23 exercise is about to start with the data uploading to commence from September and the review will commence early next year with the final outcomes reported in 2024.

The following represents the outcomes for the National Fraud Initiative 2022/21 Exercise.

- Processed Matches 4669 of high-quality data.
- Investigated 256 matches
- Cleared 4463 matches
- Fraud matches 65
- Error matches 141
- Total Outcomes £241,330.15
- Total Estimated Savings £881,243.55
- Total Overall Outcomes £1,122,573.70

The results would not be achieved without the significant support from colleagues in Exchequer Services, Housing & Modernisation and Finance & Governance.

The NFI annual Council Tax Exercise for 2021/22 identified 30,306 reports. 24,433 were processed and 11,114 were investigated. This identified 594 frauds and 253 error reports.

- Total Outcomes £340,049.20
- Total Estimated Savings £530,067.62
- Total Overall Outcomes £870,116.82

These results could not be achieved without the support from colleagues in Exchequer Services.

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## **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. As a result of continued changes to the team staffing levels and the adjustments due to the various lockdowns it has been difficult to finalise the fraud response plan. With the proposed return to work from 3rd October 2022 this will allow us to plan for the future. As such a Fraud Response Plan will be prepared to cover the period from January 2023 to March 2024.

## **Recruitment**

In March 2022 The Trainee Fraud Investigator resigned. We carried out an internal recruitment for a secondment to the Corporate Anti-Fraud team for a period of 12 months. The post was filled on 25 July 2022.

### 3. SUMMARY OF WORK IN PROGRESS

#### 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
<b>2021-22</b>							
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 1 January to March 2022 no exceptions were identified for the sample of claims reviewed.	
All Age Disabilities Service	Director of Adult Social Care	25	✓	✓	✓ Final	Moderate	Moderate
Contract Mobilisation	Director of Commissioning	20	✓	✓	✓ Final	Moderate	Moderate
Continuing Healthcare	Director of Adult Social Care	15	✓	✓	✓ Final	Moderate	Moderate
Housing Benefits	Director of Exchequer Services	15	✓	✓	✓ Final	Moderate	Moderate
Major Works	Director of Asset Management	15	✓	✓	✓ Final	Limited	Moderate
Housing Tenancy Management (Successions)	Director of Resident Services	15	✓	✓	✓ Final	Moderate	Moderate
Highways Maintenance	Director of Environment	15	✓	✓	✓ Final	Substantial	Substantial

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Emergency Planning	Head of Chief Executive's Office	15	✓	✓	✓ Final	Substantial	Moderate
Risk Management	Director of Finance	25	✓	✓	✓ Final	NA Advisory	NA Advisory
Payroll and HR	Director of Exchequer Services	20	✓	✓	✓ Final	Substantial	Moderate
Southwark Building Services	Director of Asset Management	20	✓	✓	✓ Final	Moderate	Limited
Suspense Account Management	Director of Exchequer Services	15	✓	✓	✓ Final	Substantial	Moderate
Electoral Register and Elections	Director of Law and Governance	15	✓	✓	✓ Final	Moderate	Substantial
NNDR	Director of Exchequer Services	15	✓	✓	✓ Final	Moderate	Substantial
Leisure Services	Director of Environment	15	✓	✓	✓ Final	Substantial	Moderate
Pensions Administration	Strategic Director of Finance and Governance / Pensions Manager	15	✓	✓	✓ Final	Substantial	Moderate
Insurance	Director of Finance	15	✓	✓	✓ Final	Substantial	Moderate
Accounts Payable	Director of Exchequer Services	15	✓	✓	✓ Final	Substantial	Moderate



Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Housing Revenue Account	Director of Finance	15	✓	✓	✓ Final	Substantial	Substantial
Council Tax	Director of Exchequer Services	15	✓	✓	✓ Final	Substantial	Moderate
IT Disaster Recovery	Director of Customer Experience	20	✓	✓	✓ Final	Limited	Limited
Licensing	Director of Environment	15	✓	✓	✓ Final	Moderate	Moderate
Facilities Management	Director of Asset Management	20	✓	✓	✓ Final	Substantial	Moderate
Library Services	Director of Leisure	15	✓	✓	✓ Final	Moderate	Moderate
Financial planning and budget monitoring	Strategic Director of Finance and Governance	25	✓	✓	✓ Final	Substantial	Moderate
Customer Access Strategy	Director of Customer Experience / Director of Exchequer Services	15	✓	✓	✓ Final	NA Advisory	NA Advisory
Objection Review	Strategic Director of Finance and Governance	10	✓	✓	The findings and recommendations arising from our review have been agreed and a cross service action is being finalised. The final report will be provided under separate cover.	NA Advisory	NA Advisory

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Contracts Register	Director of Law and Democracy	25	✓	✓	The findings arising from these two reviews have been agreed, Internal Audit is working with Departmental Senior Management teams to identify solutions to the issues raised.	Moderate	Limited
Fairer Future Procurement Framework	Director of Law & Governance	25	✓	✓		Moderate	Limited
Older Peoples Services	Director of Adult Social Care	15	✓	✓	✓ Updated draft report issued 26/08/2022, following receipt of additional evidence		
Member / Officer Protocol	Director of Law & Governance	15	✓	✓	✓ Draft report issued 23/08/2022		

## INTERNAL AUDIT PLAN 2022-23

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
<b>2022-23</b>							
Protect and Vaccinate Funding	Director of Finance	6	✓	✓	✓ Final	NA Advisory	NA Advisory
Adult Learning Services	Director of Education	15	✓	✓	✓ Draft report issued 25/08/2022		
Special Education Needs (SEN)	Director of Education	20	✓	✓	✓ Draft report issued 25/08/2022		
APEX Asset Management	Director of Asset Management	15	✓	✓ Closing meeting held	QA		
Covid-19 pandemic related expenditure	Director of Adult Social Care	14	✓	✓ Closing meeting held			
Building Control	Director of Planning and Growth	15	✓	✓			
Buyback of Properties	Director of Customer Experience	15	✓	✓			
Complaints	Director of Customer Experience	20	✓	✓			
General Ledger	Director of Exchequer Services	15	✓	✓			

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Mental Health Services	Director of Adult Social Care	15	✓	✓			
Safeguarding - adults	Director of Adult Social Care	20	✓	✓			
Pensions Administration	Strategic Director of Finance and Governance	15	✓	✓			
Service assurance/change programme reviews - Private Sector Licensing	Strategic Director of Finance and Governance	30	✓	✓			
Solace Womens Aid - Contract Management	Director of Environment and Leisure	20	✓	✓			
Software licence management	Head of IT and Digital Services		✓	✓			
TMOs - Use of Reserves	Director of Communities	20	✓	✓			
Children's Quality Assurance Unit	Director of Children and Families	15	✓				
Pupil registry systems and school attendance	Director of Education	15	✓				

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## Schools internal audit plan 2022-23

School	Status	Design	Operational Effectiveness
Southwark Inclusive Learning Service	Final Report	Moderate	Moderate
Charlotte Sharman Primary	Draft Report		
St Saviour's and St Olave's Church of England School	Draft Report		
Dulwich Wood Primary School	QA		
St Mary Magdalene Church of England Primary School	QA		
Peter Hills with St Mary's & St Paul's Church of England Primary School	QA		

## 4. EXECUTIVE SUMMARIES OF REPORTS FINALISED SINCE THE LAST MEETING

Protect and Vaccinate Funding August 2022		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		NA	NA	Medium	-
				Low	-
<b>Purpose of audit:</b>	To provide assurance over the eligibility of proposed claims in respect of the Protect and Vaccinate Grant Determination (2021-22)				
<p><b>Background:</b> This audit was designed to meet the requirements of internal audit set out in the Guidance issued by Department for Levelling Up, Housing &amp; Communities.</p> <p><b>Conclusion:</b> We concluded to the best of our knowledge and belief, and having conducted appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to Protect and Vaccinate Grant Determination (2021-22) [No. 31/5912] had been complied with.</p>					

HM3 Customer Access Strategy August 2022		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		NA	NA	Medium	3
				Low	-
<b>Purpose of audit:</b>	To review the approved Customer Access Strategy, considering the appropriateness of the implementation timeframe, resourcing, roles and responsibilities, governance, and monitoring.	<b>Added value:</b>	<p>We completed a benchmarking exercise, comparing the KPIs within the Customer Access Strategy to other local authorities. Key points to note are that whilst overall complaints timescales are similar, other local authorities generally:</p> <ul style="list-style-type: none"> <li>• have a smaller timeframe to answer the phone, by either 60 or 90 seconds.</li> <li>• have a specific customer satisfaction target.</li> <li>• specifically mention timescales for responding to emails and webforms.</li> </ul>		
<p><b>Background:</b></p> <p>A key part of the Council’s response to COVID-19 has included how they provided information to Southwark residents through customer services functions. As of March 2022, the Council answered a total of 35,317 calls across all services, of these they answered 91% of all calls received, of these they answered 66% of these within two minutes. In March 2022, 48% of customers who gave feedback were satisfied with the service they received. The Council has used this information to identify how a better service can be provided to support residents across Southwark and this has informed the new Customer Access Strategy. The strategy has been developed to simplify the way customer services are provided to residents.</p> <p>The strategy states that the commitments are intended to ensure that the Council delivers a ‘great customer experience, build workforce skills and capabilities, provide technology, and implement systems for data-drive decision making’. This strategy works alongside the Southwark Digital Strategy and these strategies will be implemented together, with the Southwark Digital Strategy forming one of the workstreams being created.</p> <p>Since the approval of the Strategy by Cabinet in December 2020, work has been completed to bring together an initial draft of an action plan and set of workstreams to implement the outcomes and commitments. These were approved at the initial Strategy Board in June 2021.</p> <p><b>Good Practice:</b></p> <p>The Council has a Customer Access Strategy in place which sets out the four key strategic outcomes. We found that the strategy has been categorised into five workstreams, which include actions, and identifies owners for each action.</p> <p><b>Key Findings:</b></p> <ul style="list-style-type: none"> <li>• While there is a draft governance structure in place, we found no formal documentation to support the governance arrangements, for example terms of reference, roles, and responsibilities and KPIs are not in place.</li> </ul>					

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- The Customer Experience Team have considered and created a draft governance framework which also sets out the resources and budgetary requirements to implement the Customer Access Strategy. Our review found that the proposal does not take into account the formalised action plan or set out the approval process. We also noted that resourcing was not formally agreed when the CAS was approved in December 2020.
  - We reviewed the CAS workstream scoping action plan and found that it does not include any specific action completion dates, responsible officers have not been assigned to each action, and the risks identified, have not been recorded in a risk register.

- **Conclusion:**

The Council has made positive steps in developing and approving a customer access strategy. Further work is now required to add details such as risks, resourcing and KPIs, so that achievement of the strategy can be monitored and measured.



KFC05 HR and Payroll August 2022		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	1
		Substantial	Moderate	Medium	0
				Low	1
<b>Purpose of audit:</b>	To provide assurance on the adequacy and operational effectiveness of the key controls in place to manage the identified risks in respect of the payroll and benefits to staff. We will also provide assurance on the implementation of recommendations made in the Payroll and HR audit undertaken in 2020-21.	<b>Added value:</b>	<p>We performed data analytics on the overtime report for April 2021 to February 2022. The analytics highlighted that staff in some departments are undertaking high levels of overtime. As the Council's overtime policy awards overtime payments at 1.5 - 2 times the pay rate, it would be cost effective to reduce the amount of overtime carried out by staff and hire more permanent staff to undertake the work.</p> <p>We have shared the results of the data analytics with management who agreed that they were aware of the concerns around overtime and were keen to have this area audited separately (this will be completed during 2022-23).</p>		
<p><b>Background:</b></p> <p>The Council has approximately 4,600 employees who are processed on the Council's monthly payroll. The Payroll Team is responsible for making the payments based on the information received from the HR Transaction Team. Within the Exchequer Services Division of the Finance and Governance Department, the Council has the Financial Control, Processing and Payroll Team which includes the officers responsible for SAP Payroll management. The Council's HR service comes under the Chief Executive's Department. The HR service includes the Head of HR and three HR operational teams (HR Customer Delivery, HR Business Partnering and HR Policy and Projects). Jointly, these teams manage the end-to-end Payroll and HR processes. HR Business Partners are responsible for creating policies whereas the HR operational teams are responsible for implementing these policies.</p> <p>Council managers work with the HR operational teams in processing starters, leavers and variations for the staff that have line management responsibilities. HR Transaction Team notifies the Payroll Team of the financial aspects of these changes to be reflected on the payroll system.</p> <p>The Council operates an employee self-service (ESS) system where processing/approval regarding sickness, annual leave, unpaid leave, overtime, and expenses can be undertaken. If individuals cannot access the system, then managers can do this on their behalf. There are some services that are not on ESS such as Southwark Cleaning where managers issue payroll with MS Excel documents of time to be compensated which is then processed.</p> <p><b>Good Practice:</b></p> <ul style="list-style-type: none"> <li>• Controls built into the SAP system do not allow duplicate payments to be processed</li> <li>• From testing a sample of ten leavers, we confirmed that HR notifies the payroll team regarding leavers on a timely basis. Through data analytics we confirmed that leavers are removed from the payroll system on a timely basis</li> <li>• Segregation of duties exists between preparing and reviewing monthly payroll reconciliations and the final payroll and are signed and dated by the</li> </ul>					

preparer and electronic approval is obtained from the Head of Financial Control< Processing and Payroll

- Through data analytics completed on the standing data and payroll runs, we confirmed that no duplicate codes, bank details, employee names, addresses of NI numbers existed on the system
- We tested a sample of five SAP users that were given access between April 2021 and February 2022, and all five officers were given access after a form was completed and approved by an authorised Officer
- From conducting a walk-through of the SAP systems, we confirmed that parameters such as tax codes and NI thresholds had been populated correctly
- For the sample of five acting-up allowances we tested, all five cases were approved appropriately, an employment letter was re-issued, and payroll actioned the changes in a timely manner.

**Key Findings:**

- From testing a sample of five overpayments, we found that recovery action taken was inconsistent and recovery action in three cases was insufficient.
- The following recommendations were not implemented from the 2020/21 audit and have been rolled-over into the 2021/22 recommendations to ensure they are addressed
  - Staff should be advised to copy in members of the HR Team when handing in resignations so that payroll team can be informed about leavers on a timely basis. Staff from HR or Payroll team should periodically review overpayments to identify root causes and address issues.
  - The HR team should notify payroll about new starters no later than their first day at work so that new starters can be added to the payroll and granted access to ESS/ MSS on a timely basis. Staff from HR or Payroll team should periodically review starters and leavers reports to confirm whether staff are being added to or removed from payroll on a timely basis.

**Conclusion:**

Based upon the work performed, our review of the controls relating to Payroll and HR found several good practices in operation and overall, a well-designed controls framework.

We have provided substantial assurance over the control design of the controls and moderate assurance over the operational effectiveness of the controls in place, showing an improvement from 2020-21, when we provided a moderate assurance opinion on control design and limited assurance on the operational effectiveness of controls in place.

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

Effectiveness	<ul style="list-style-type: none"><li>• Staff should be advised to copy in the HR Team when sending resignation letters so that the payroll team can be informed about leavers on a timely basis.</li><li>• The HR team should notify payroll about new starters no later than their first day at work</li><li>• Overpayments should be reviewed regularly, and sufficient recovery action should be taken consistently to ensure the debt is recovered</li></ul>
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HM09 Southwark Building Services August 2022		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	1
		Moderate	Limited	Medium	4
				Low	-
<b>Purpose of audit:</b>	To provide an end-to-end review of the internal repairs process, to include organisational management, performance against KPIs and clarity of cost and charging structures including what work is being completed to prevent overspends.	<b>Added value:</b>	<p>We reviewed the Council's ability to fully utilise the trackers on the fleet vehicles and what policies are required to be in place. We undertook a review of the legal requirements and what considerations the Council should undertake when implementing a tracker-based system.</p> <p>Under the Data Protection Act 1998, data users must distinguish between the information being for business or personal and whether this is being used lawfully with consent of their employees. Under the General Data Protection Regulations 2018, the Council must ensure the proper consent to gather, store and process data. The Information Commissioner's Code of Practice for Employees sets out the rights of the employee and clearly states employees have the right to know about any methods used to monitor them. This includes that employees should only be monitored during working hours, with the option of switching off surveillance tools during private time.</p> <p>If the Council wishes to utilise the trackers on the fleet vehicles, we recommended that legal advice is sought to ensure appropriate consent is obtained, and that data is stored adequately.</p>		
<p><b>Background:</b></p> <p>Southwark Building Services (SBS) was merged with the repairs team in April 2020 to embed the Building Services team into the Council rather than being an arms-length organisation. The combined team inherited an improvement plan during the merger which was high level and did not cover the operational changes to be made therefore, the team are currently putting together a detailed improvement plan monitored by a strategic board and implementation board. As services were reduced over the lockdown period, with four months of emergency repairs and a reduced service being undertaken through the current financial period progress has been slower than planned and the pandemic did not enable full focus on the improvement plan.</p> <p>The repairs team operates a responsive service. The tenant contacts the call centre where a diagnostic assessment is completed, and a repair is scheduled and assigned to the respective contractor. The team's KPIs were suspended during the pandemic restarting in November 2021, as detailed within the service improvement plan. They are monitored through customer survey responses; however, issues were identified in the reporting of these KPIs and as of January 2022, these have been resolved and monthly reporting is being undertaken.</p> <p>SBS is allocated a notional price per property and have a budget to use for work completed. However, the repairs service, including SBS, was in a deficit of £4.8 million in 2020/21 including work completed for temporary accommodation, void refurbishments, and communal repairs for the Council. The HRA</p>					

budget for 21/22 included expected expenditure for repairs and maintenance of £53.6m; at the end of 2022 SBS were anticipating a contractor spend of £6.6m. On a monthly basis, monitoring is completed, and analysis undertaken of cash flows to reduce unexpected overspends.

**Good Practice:**

KPIs are monitored on a monthly basis based on all job completion, as well as customer surveys completed by the Customer Experience Team and then reviewed by the Programme Team within Asset Management. These are reviewed at monthly team meetings.

**Key Findings:**

- Procedure documentation does not contain sufficient detail in relation to the Key Performance Indicators expected quality assurance processes or process to be followed when using contractors.
- From a sample of 20 repairs, eleven were completed later than the expected date of completion (longest delay was 34 days). Whilst complete and accurate KPI reporting was available, this did not identify the root causes for the delays.
- The out of hours rota forms completed by operatives does not record sufficient detail to ensure the timings of jobs are correct and that this had been approved by a manager.
- Cashflow forecasting was completed monthly, however the data is not cumulative and is being overwritten each month.
- It was not possible to confirm that use of contractors prior to November 2021 was compliant with the Council CSOs and the fairer futures procurement framework.

**Conclusion:**

The Council has procedure documentation in place, however this does not highlight the timescales involved that are being monitored as part of the KPIs, so we have concluded a moderate assurance opinion on the control design.

Based on our testing, the Council is experiencing delays in repairs, and we noted that KPIs do not include analysis of the reasons why, the out of hours rota does not record sufficient detail to ensure jobs completed are correct and that these had been approved. Cashflow forecasting was completed but overwritten each month. Contractors used were not procured in accordance with the Council CSOs and the fairer futures procurement framework, therefore, we have concluded a limited assurance for operational effectiveness.

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

Design	<ul style="list-style-type: none"> <li>• Use of contractors is amended to ensure compliance with the Council CSOs and the fairer futures procurement framework.</li> <li>• The out of hours rota is updated to allow for easier management of out of hours jobs completed.</li> </ul>
Effectiveness	<ul style="list-style-type: none"> <li>• Procedure document should be updated to include further information relating to KPIs and use of contractors.</li> <li>• KPI reporting is updated to include a sample check to analyse the root cause of delays.</li> <li>• The cashflow forecasting is updated so that it is documented on a monthly basis and not overwritten.</li> </ul>

KFC10 Suspense Accounts Management August 2022		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Substantial	Moderate	Medium	2
				Low	1
<b>Purpose of audit:</b>	To review controls and administration of the Council’s suspense accounts to provide assurance that staff are following the policies and procedures, access levels to suspense accounts are set appropriately, the number of transactions routed to the suspense accounts is minimized and transactions are authorised, cleared, and transferred to the correct account on a timely basis.				
<p><b>Background:</b></p> <p>Suspense accounts are used within the general ledger to record amounts temporarily because the correct accounting code could not be determined at the time of the transaction. The correct account for the transaction should be identified as soon as possible and the sums transferred on a timely basis. The Council has the following suspense accounts:</p> <ul style="list-style-type: none"> <li>• Corporate and SAP Accounts Receivable (General) - FC&amp;P Team</li> <li>• Exchequer: Business rates, Council tax, Housing rents, Housing benefit overpayments (HBOP), Business improvement districts (BIDS) - Exchequer Team • Commercial rents - Southwark Property Services</li> <li>• Service charge loans - Homeownership Services</li> </ul> <p>For each suspense account, there are individual policies and procedures in place. However, they all follow the same basic rules and processes. All funds are reviewed daily, and amounts are allocated and processed via an exceptions account.</p> <p><b>Good Practice:</b></p> <ul style="list-style-type: none"> <li>• From our review of 20 items in the suspense accounts, we confirmed that sufficient documentation was in place to support the transfers out of the suspense account and that a root cause of why transactions have been initially routed to the suspense account was identified. Most of the cases were due to customer error, therefore there were no team efficiencies to be identified.</li> <li>• We identified well established tracking mechanisms to monitor suspense account levels.</li> </ul> <p><b>Key Findings:</b></p> <ul style="list-style-type: none"> <li>• We conducted a walkthrough of the processes in place relating to access rights to the suspense accounts. For all the funds, we could not obtain a documented procedure on granting/revoking the access rights for staff involved in the management of suspense accounts. We also identified that a list of users who can access/amend the suspense account transactions is not in place for all funds and their approval to access the system could not be evidenced.</li> <li>• From our review of 20 items in the suspense accounts, we identified in three cases, the items had not moved out of the suspense account to the correct account within a reasonable timeframe, ranging from 20 to 117 working days. The Suspense Account Operational Policy does not specify the number of days a suspense account transaction should be cleared by. In one case, relating to Housing Benefit overpayments (HBOP), we could not</li> </ul>					

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confirm whether adequate segregation of duties is in place. The Income Finance Manager confirmed that spot checks are not undertaken currently on HBOP transactions.

**Conclusion:**

Basic controls are in place to address risks faced by the Council, including the Suspense Account Operational Policy being in place and adequate documentation supporting the transfers out of the suspense.

However, we identified that suspense account items are not allocated to the correct account within a reasonable timeframe and spot checks are not undertaken on HBOP transactions to evidence adequate segregation of duties. We have therefore concluded a substantial opinion on the control design and moderate opinion for operational effectiveness.

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

Effectiveness	<ul style="list-style-type: none"><li>• Ensure that the Suspense Account Operational Policy is reviewed at least once every 12 months</li><li>• Ensure that the procedures for various funds include a reasonable timeframe within which a suspense account transaction should be allocated to the correct account, in line with best practice</li><li>• Ensure that spot checks are conducted and recorded for HBOP transactions to evidence adequate segregation of duties</li><li>• Ensure that an access control procedure is created for all the funds recording the process for granting/revoking staff access to suspense accounts</li><li>• Ensure a list specifying the name and role of staff who can access and amend suspense account transactions is created for all the funds and stored electronically along with their approval forms/emails.</li></ul>
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<b>FG01</b> <b>Electoral Register and Elections</b> <b>July 2022</b>		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Moderate	Substantial	Medium	2
				Low	1
<b>Purpose of audit:</b>	To provide assurance over the core processes relating to the design controls and effectiveness relating to election management, to ensure that they are well documented, subject to appropriate approval and lessons learned.				
<p><b>Background:</b></p> <p>Under the Electoral Registration and Administration Act 2013, there is statutory guidance on the maintenance of the electoral register and the administration and conduct of elections which guides the processes undertaken by the electoral services team. The Council makes use of a Geographic Information System (GIS) across several departments, including council tax and Non-National Domestic Rates (NNDR), to monitor any additional properties within the borough and allocates a unique property reference number, which allow greater scrutiny of individuals and their residents across the Council. The Head of Electoral Services is responsible for compiling and maintaining an accurate register of all properties within the Borough, providing a Unique Property Reference Number (UPRN) to all properties, as well as providing categories and classifications. The UPRN is critical for data matching purposes, an essential aspect of electoral registration work.</p> <p>The Council's Strategic Director of Finance and Governance is the Returning Officer (RO) and is personally responsible for the conduct of the elections and the register of electors. This means that as RO he is not responsible to the Council but is directly accountable to the courts as an independent statutory office holder and is personally liable for the conduct of the polls.</p> <p>Following an election, the Council can submit a return to central government requesting reimbursement of the funds used in administering an election. This audit covered the period for elections held in 2021 (the GLA elections). Since completion of the fieldwork, the Council has held local elections in May 2022.</p> <p><b>Good Practice:</b></p> <ul style="list-style-type: none"> <li>• The Election Project Board hold regular meetings prior to each election and discuss all operational matters such as recruitment of volunteers for poll day and counting, venues for polling stations, materials required, risk assessments and contingency planning</li> <li>• The elections team take sufficient measures to ensure their canvassing efforts enable the electoral register to be an accurate representation of the voting population of the Borough - this includes using a checklist to ensure the register is checked to identify duplicates, correct properties and address are logged and emails and texts are sent to those who have not registered to vote</li> <li>• From a review of 20 eligible voters on the electoral we confirmed that all voters provided the required supporting evidence, with their personal details matching correctly to the details uploaded onto the Council's elections system Xpress</li> <li>• From a review of a sample of 20 postal voters we were able to confirm that all applications were processed in line with statutory guidelines and the required supporting information was retained on Xpress</li> <li>• From a review of 20 overseas voters, the Council provided a robust audit trail and approval process for us to confirm that voters' details were</li> </ul>					

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correctly processed on Xpress • The Electoral Services team review applications processed on Xpress at least once a week to ensure that applications have been manually entered accurately, with all supporting evidence provided by the voters uploaded and saved onto Xpress.

**Key Findings:**

- A project plan was not in place for the elections carried out in 2021 outlining specific actions with timelines to ensure all actions were complete and reviewed prior to the election taking place
- Procedure notes on processing applications and canvassing for the electoral services have not been reviewed since 2020. In addition, a succession plan is not in place to reduce the dependency on the Head of Service
- Support from the finance team is not offered to members of the Electoral Service Teams when submitting election claims for reimbursement of allowable election expenses therefore the claims are being completed by an office that has no Finance experience, leading to potentially lower claims.

**Conclusion:**

The Council has adequately designed processes and controls in operation that ensure that voting applications are processed accurately and in a timely manner. Therefore, an opinion of substantial assurance has been provided in respect of control effectiveness.

For the elections undertaken in 2021, the Council did not have a process in place to ensure all actions required, roles and responsibilities for those actions and deadlines are documented and approved prior to an election. Therefore, we concluded a moderate assurance rating for control design to feed into our annual report for 2021-22.

As part of the management response, we have been provided with additional information and documentation uses in the local elections in May 2022. These included a Project Initiation Document and Daily Timetable, and a Risk Register and Updated Integrity Document.

As these documents did not relate to the period under review, our audit opinions remain unchanged. However, we acknowledge that they represent further improvements to the processes already in place.

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

Design	<ul style="list-style-type: none"><li>• Produce a project plan with actions, roles, and specific timelines in the lead up to an election</li><li>• Prepare a succession plan for the Electoral Services Team</li></ul>
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KFC02 NNDR July 2022		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Moderate	Substantial	Medium	1
				Low	1
<b>Purpose of audit:</b>	To provide assurance on the continuing adequacy of the design and operational effectiveness of internal controls, processes, and records in place to mitigate the identified risks relating to the collection of NNDR. We will also provide assurance that controls adequately mitigate the risk of fraud.				
<p><b>Background:</b></p> <p>The Council collects National Non-domestic Rates (NNDR) from commercial properties within the borough. The amount to be paid is calculated by multiplying the rateable value of the property, which is set by the Valuation Office Agency (VOA), with a multiplier set by the Government. For 2020-21, the full multiplier is 51.2p per £1 of rateable value. The small business multiplier is 49.9p per £1 of rateable value. The collected amount is a contribution made towards the cost of local services. The Council keeps 30% of the collected amount, pays 33% to central government and 37% to the Greater London Authority. The budget includes a forecast business rate retention income of £140.61m in 2020-21. This is £24.74m more than the baseline funding level of £115.87m (i.e., business rates baseline of £80.02m and ‘top-up’ of £35.85m). This retained growth is marginally down as compared to 2019-20, reflecting a plateauing of growth due to significant losses on collection from increases in reliefs and other changes to rateable values.</p> <p>Business rate income for the Council continues to be significantly volatile because of appeals and changes to rateable values made by the VOA. The estimated one-off benefit arising from the London business rate pooling in 2019-20 has been used to offset the deficit brought forward from 2018-19 and further mitigate risk. In light of the Covid-19 pandemic, the Government has announced that leisure and hospitality businesses will not pay business rates in the 2020-21 financial year. New regulations were enforced in April 2020 that enable retailers to receive a 100% discount on their business rates bills irrespective of their rateable value.</p> <p>The Council’s Anti-Fraud Team have been supporting the processes on NNDR Business Grant payments made due to Covid-19. The team conducted additional due diligence checks in comparing the records with that of Companies House and identified that the Council’s records in some cases were more recent than those of Companies House. The team enrolled with the National Fraud Initiative Bank Account Verification and Companies House data matching pilot. This provided a risk-based assessment for grant applications evaluating the accuracy of their details. The process identified indicators for applications considered as high risk and it was identified that the number of high-risk applications were low (approximately 130) compared to 4,000 applications for NNDR Small Business Rates Relief (SBRR) and Retail, Hospitality and Leisure (RHL).</p> <p>One of the other issues the Anti-Fraud Team identified, mainly in relation to Community fraud, was the authenticity of documents provided by the applicants. They identified for at least ten applications that the documents provided were forged including the bank account details. The team conducted enhanced due diligence checks to verify the authenticity of the applicants’ details using open-source research such as social media checks to assess whether the information contradicted the applicants’ details.</p>					

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In some cases, payments were erroneously made into the wrong account and the recipient has either not responded to the requests to return the payment or has indicated that they are entitled to the payment despite not having applied for the funds. Exchequer Services have been advised to either take action to reclaim the funds or to instigate criminal investigation. For the cases where funds have been paid inappropriately and the team has confirmed through their investigation with the banks that the funds were withdrawn from the accounts and distributed to other accounts, the team is considering pursuing a full criminal investigation into money laundering and fraud. The issues surfaced mainly because of the differences between the Council's data and the information available from Valuation Office Agency (VOA) as there appeared to be errors in the valuation records.

**Good Practice:**

- The VOA published changes/updates on weekly VOA schedules for new accounts and amended properties and this information is used by the Revenues Officer to update Northgate system and issue an updated bill.
- A new bill is automatically issued from Northgate between 0 and 14 days after an amendment or change to the property and rateable values.
- Write-offs are approved in line with the Council's write off policy and authorised appropriately by the Cabinet.
- The correct level of charge is raised for properties within the BID Levy. Once bills have been issued and charges are outstanding, soft reminders are sent though recovery notices have no mention of summons due to the pandemic.
- The Council discovers grant payments made in error through post payment checks (NFI and audit of payments) or when the actual occupant contacts them. The Revenue Team attempts to recover grants paid in error by sending out the following: i) An initial email asking for the grant to be paid back ii) Letter with instructions how to repay iii) Formal invoice
- Cases of grants made in error are loaded onto the Civica Onestep System so that they can be monitored and chased further if needed. The revenue team is currently reviewing these cases with a view of the Anti-Fraud & Internal Audit Service doing a full investigation, arranging interviews with the relevant parties and possible prosecution.
- Performance is monitored via the use of a dashboard, which is reviewed each month by the management team and at the Senior Management Team monthly Performance Board, where all KPI's are reviewed and discussed. Minutes are taken of these meetings with actions arising documented and subsequently followed up.

**Key Findings:**

We tested a sample of 20 business rates accounts (ten relief and ten exemption) and confirmed that although correct exemption/relief rates have been awarded for an appropriate reason, authorisation of the evaluation by a separate individual is not required, which creates a risk of fraud and/or error.

**Conclusion:**

Based upon the work performed, our review of the controls relating to National Non-Domestic Rates found several good practices in place, however, there are some areas where improvements to the controls framework can be made. For instance, segregation of duties does not exist between evaluating and approving emption/relief.

We have provided moderate assurance over the control design and substantial assurance over the operational effectiveness of the controls in place.

TR07 Financial Monitoring and Reporting July 2022		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Substantial	Moderate	Medium	2
				Low	2
<b>Purpose of audit:</b>	To review the monitoring and reporting of budgeted income and savings and the extent to which they will be realised. This audit covered both the 2020-21 and 2021-22 financial years.				
<p><b>Background:</b></p> <p>On an annual basis, a budget proposal including efficiency and savings proposals is submitted to Cabinet in advance of the next financial year. Once approved by Council Assembly, the savings targets are built into the annual budgets for each department. Strategic Directors take responsibility for the budgets of their area. As the Strategic Directors are responsible for the annual budgets, they also set the local monitoring regime they require to enable them to effectively monitor this. In practice, this differs by Strategic Director, with budget forecasts being submitted monthly or less frequently by the Departmental Finance Managers into SAP. Reporting is also made to the Senior Management Team, then reports are made to Cabinet every four months in accordance with the Revenue Monitoring Timetable.</p> <p>Due to the COVID-19 pandemic the reporting due in July (the fourth month) of 2020-21 was delayed to August 2020, and subsequently reported to Cabinet in October 2020. To manage the capacity of the four Departmental Finance Managers, reports submitted via SAP are made based on risk, and as requested by the Strategic Director. The four Departmental Finance Managers are responsible for the following areas:</p> <ul style="list-style-type: none"> <li>• Corporate/Strategic Finance</li> <li>• Housing and Modernisation</li> <li>• Environment and Leisure, Planning, Chief Executive, and Public Health</li> <li>• Adult and Children’s Social Care, and Education</li> </ul> <p><b>Good Practice:</b></p> <ul style="list-style-type: none"> <li>• The budget proposals for the 2021-22 financial year were submitted and recommended by Cabinet for approval, and subsequently approved by Council Assembly in February 2021, prior to the financial year and in accordance with the expected timetable.</li> <li>• The budgeted figures for both income and savings that were approved by both Council Assembly and Cabinet were entered into SAP at the start of the financial year and the figures matched those approved.</li> <li>• Regular reporting was made to Cabinet on both income and savings achieved. For reporting made in 2020-21 this was supported by monthly reports to the Audit, Governance and Standards Committee on the impact of covid. For the 2021-22 financial year standard reporting was completed. For both years this included where the targets would not be achieved. Reasons for this were documented and alternatives sought where necessary.</li> <li>• Forecasting was completed in accordance with the corporate timetable and reported to Cabinet. In between this reporting, further forecasting was completed based on Strategic Director and Chief Officer Team agreements with Finance taking on a risk-based approach. This includes the setting</li> </ul>					

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up of a budget recovery board for particularly at-risk areas; currently a board is in place for temporary accommodation.

**Key Findings:**

Where budget monitoring was completed, we noted that for finance and governance the Month 8 adjusted figures reported to Cabinet were not recorded on SAP based on any changes made.

**Conclusion:**

For both the 2020-21 and 2021-22 financial years, budgets were submitted and approved by both Cabinet and Council Assembly in the February prior to each financial year commencing in accordance with the Corporate Timetable. In between the Cabinet reporting, forecasting was completed within departments based on Strategic Director and Chief Officer Team requirements. This was based on a risk-based approach and monthly reporting was completed on higher risk areas. Budgets were subject to the Council's monthly budgetary control process and areas of pressure identified through the year. This included the establishment of a Budget Recovery Board for Temporary Accommodation.

For the financial year 2021-22, the overall original budget was exceeded by £8m, with housing and modernisation being the largest overspend area of £8m, alongside chief executives and finance and governance both overspending by £3m each, however this was balanced by underspends in adult social care and strategic finance of almost £2m, and environment and leisure of almost £5m. Further planned movements in reserves were completed resulting in an overspend of £12.9, Covid-19 funding support was also received and used to mitigate against some of this overspend and our internal audit of Covid-19 expenditure confirmed that related costs were being identified, recorded, and reported to Government on a timely basis. However, there was still an overall overspend of £1.9m. The Council has unallocated general fund reserves of £21m and net earmarked reserves of £205m.

Due to the overall overspend and the need for the Council to use reserves, we have provided an internal audit opinion of moderate assurance for the operational effectiveness of controls.

EL03 Leisure services July 2022		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Substantial	Moderate	Medium	1
				Low	-
<b>Purpose of audit:</b>	To provide assurance over the design and operational effectiveness of the controls relating to contract management and oversight of leisure facilities in the borough. The audit included the assessment of the impact of Covid-19 on income levels and whether it has been reflected in longer-term financial plans.				
<b>Background:</b>	<p>In 2016, the Council entered a seven-year management contract with Sports and Leisure Management Ltd. (SLM), who also operate under the name of Everyone Active (EA). The terms of the contract included the option to extend for a further seven years at the Council's discretion. The service provision is for the management of the Council's leisure facilities, including the operation of the sports booking service.</p> <p>Prior to March 2020 (before the Covid-19 pandemic), the leisure contract was performing well operationally but was not achieving the income levels anticipated in line with the contract. During 2019, the contractor struggled to pay the agreed management fees to the Council which initiated discussions between the Council and SLM around the best way to address this.</p> <p>On 20 March 2020, the government instructed that all public leisure facilities should close for public health reasons due to the Covid-19 pandemic. The Council initiated discussions with SLM to explore how they could work together to support the immediate needs of staff, buildings, and the working relationship between the two organisations. The Council and SLM agreed to a series of support packages as SLM had advised that they were not able to open any centres without additional financial support.</p> <p>In July 2020, the Council's Cabinet agreed that a medium-term financial support arrangement be agreed with SLM, via a contract variation arrangement. This would enable the leisure centres to re-open, subject to government restrictions being lifted and continue to operate until the end of financial year 2020/21 whilst the Council considered its options in relation to the management of leisure activities within the borough. The Cabinet agreed that the Council officers should explore two options for the management of the Council's leisure services from April 2021, remaining with SLM or bringing the service in-house. It was agreed that the progress of this agreement will be monitored quarterly using a robust open book process and monthly management information to ensure that actual costs incurred are covered by the Council (subject to the agreed cap) and the income and any grants are recouped to offset costs.</p> <p>The first financial support package covered the period when the leisure centres were closed from 21 March to 31 July 2020. The net financial impact of the initial support package was up to £1.63m.</p> <p>The second support package covered the period from the date on which the leisure centres reopened up until 31 March 2021 and established:</p> <ul style="list-style-type: none"> <li>- A capped sum of up to £2.6m for the opening of all sites in the leisure management contract</li> <li>- That any shortfall in income or increases above forecast expenditure will be the liability of SLM and no further monies will be requested from the Council during the support period</li> </ul>				

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- That the support package assumes that there are no further major or sustained closures or changes because of Covid-19.

In October 2020, the Cabinet agreed to continue the contract with SLM for cost and timing reasons from 1 April 2021 until the end of the contract in 2023. The Cabinet also gave approval to enter negotiations and agree a contract variation with SLM for financial support, in order for the Council to fully evaluate the options available to it when the current contract ends in June 2023. In September 2021, the Council's Cabinet approved the plan to bring the leisure service in-house.

**Good Practice:**

- A Deed of Supplemental Agreement is in place between the Council and SLM. The Council and SLM are parties to a leisure operating contract dated 11 April 2016. The Covid-19 pandemic, the Coronavirus Act 2020 and associated guidance and legislation, has resulted in unprecedented challenges for the leisure sector and has had a profound impact on the delivery of the services under the original operating contract. From our review of the contract variation agreement, we identified that it includes the revised terms and conditions, information on the financial support offered by the Council, responsibilities of the contractor and key milestones.
- The weekly contract meetings are held regularly as evidenced by the minutes of the meetings held on 28 September, 5 October, 9 November, and 7 December 2021. We noted that the minutes of the meetings have a standard format which include updates on financial and contractual issues, performance monitoring, current monitoring plan, site issues & staffing updates, sports development and physical activity update, marketing and communication, reporting, capital projects, health, safety, and maintenance.
- We obtained the quarterly reports presented by SLM for Q2 (1 July 2021-30 September 2021) and Q3 (1 October 2021-31 December 2021) and identified that a detailed update on the Key Performance Indicators (KPIs) listed below was presented in these reports. The KPIs are included within the contract variation agreement.
- We reviewed the site monitoring visit sheets for the six sites (two visits per site) and noted that the target performance of 95% was met consistently.
- We conducted a walkthrough of the processes in place relating to validating information such as the financial accounts received from the contractor and identified that the information provided by SLM was reviewed in detail and support payments made after appropriate approvals.
- On 2 February 2021, the Council's Cabinet approved the adjustment of £2.6m loss of management fee income into the budget of the financial year 2021/22.

**Key Findings:**

We reviewed minutes of the weekly contract meetings held on 28 September, 5 October, 9 November, and 7 December 2021. We noted that there were several actions recorded within these minutes however documentation of owners of actions, target implementation dates, progress updates and follow up to satisfactory conclusion was not adequately recorded in many cases.

**Conclusion:**

We have concluded a substantial opinion on the control design and moderate opinion for operational effectiveness. Basic controls are in place to address risks faced by the Council, including a contract variation agreement detailing the revised terms and conditions and information on the financial support offered by the Council. In addition to this, the Council conducts contract management meetings with SLM on a weekly basis and SLM presents quarterly reports where information on the KPIs is included. However, we identified that the minutes of the weekly contract meetings do not always include all the required information such as officer responsible for action, target implementation date, date of completion where an action is complete etc.

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

Effectiveness	For the weekly contract meetings, the Council should: <ul style="list-style-type: none"><li>• Ensure that the minutes record who is responsible for the action to be completed along with the target date of implementation</li><li>• Ensure that an update is always recorded for an action where the target implementation date is in the past or at the day of the meeting</li><li>• Ensure that the date of completion is recorded where an action is complete, for the purpose of completeness.</li></ul>
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FG22 Pensions Administrations July 2022		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Substantial	Moderate	Medium	-
				Low	2
<b>Purpose of audit:</b>	To provide assurance over the administration of the LGPS, such that contributions and any payments made are valid and accurate, and that management of members is correct based on policies and procedures.				
<p><b>Background:</b></p> <p>The London Borough of Southwark Pension Fund (the Fund) is part of the national Local Government Pension Scheme (LGPS). The London Borough of Southwark is the 'Administering Authority' for the Fund and has delegated responsibility for the management of all aspects of the Fund, including administration, communication, and good governance. The Administering Authority is responsible for the local administration of the Fund, which comprises over 50 employers and approximately 25,000 LGPS members in total (including active, deferred and pensioner members).</p> <p>The Council has a Pensions Administration Strategy Statement for the Fund. An updated strategy statement was published in April 2021 following consultation with Fund employers and approval by the Strategic Director of Finance and Governance. The aim of the strategy is to ensure both the Administering Authority and employers are fully aware of their responsibilities under the Fund, and to outline the performance standards they are expected to meet to ensure the delivery of a high-quality and cost-effective pensions administration service.</p> <p>The Pensions Regulator is taking an increasingly active role in the scrutiny of LGPS data and frequently audits LGPS employers (particularly London Boroughs). The Regulator has the power to fine Administering Authorities like Southwark Council and ensure active improvement plans are put in place and reported upon.</p> <p>As at 31 March 2022, there were 6,995 active members contributing to the Fund and 8,167 pensioners or dependants who were in receipt of an annual pension. Member contributions to the Fund in 2021/22 were approximately £62.8 million and the total asset value of the Fund was £2.1 billion. Most pension contributions are collected and managed through the principal employer, Southwark Council.</p> <p>The Pensions Advisory Panel (PAP) and Local Pension Board (LPB) are in place to provide investment advice, governance, and oversight to ensure the Council follows the Pensions Administration Strategy.</p> <p><b>Good Practice:</b></p> <ul style="list-style-type: none"> <li>• Policies and procedure documentation is complete and, based on our testing, is being followed in practice. It is publicly available on the Council's pensions website. This is supported by weekly, and ad hoc specific training arranged by the Pensions team.</li> <li>• We confirmed that the annual benefit statements were sent out by the Fund's external operator (Aon - actuaries and benefit advisors) within required timescales and were sample checked by the Pensions team to confirm that they were correct.</li> <li>• Based on a sample of refunds, these were issued correctly, following correct processes, and were made in a timely manner.</li> <li>• The joiner pension bandings held within SAP were correct based on government employer and employee contributions. For leavers, these were all</li> </ul>					



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processed in a timely manner once notified and documentation provided.

- Manual amendments were found to be processed accurately and documentation was available to confirm the reason for the amendments.
- From a sample of added value contributions, we confirmed that these were processed correctly following a request and were processed on both SAP and Altair and were made in a timely manner.
- From a sample of flexible retirements, we confirmed that they were processed correctly following the initial request being received and were approved following the quote of the cost involved in this.

**Key Findings:**

- Whilst a robust set of procedure documentation is available, late return of retirement forms suggest that some employers were not fully aware of pensions regulations and processes.
- Whilst the sample selected were satisfactory in relation to flexible retirements, late returns from employers suggest that some employers are not aware of their responsibility to ensure the process is completed.

**Conclusion:**

We concluded substantial assurance in respect of the control framework in place, which was clearly documented and well-established. Due to the issues identified above we concluded moderate assurance on the operational effectiveness.

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

Effectiveness

For the weekly contract meetings, the Council should:

- Regular reminders should be sent to employers detailing the training on offer both by the Pensions team and what is available through My Learning Source and encouraged to remain on top of their training
- On an annual basis, reminders should be sent to employers to complete the flexible retirement training on My Learning Source.

FG23 Insurance July 2022		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Substantial	Moderate	Medium	2
				Low	1
<b>Purpose of audit:</b>	To provide assurance that the Council has robust management controls and governance systems in place to ensure appropriate cover of insurance risks faced by the Council.				
<p><b>Background:</b></p> <p>An insurance policy sets out the contractual arrangement for the terms of risk transfer. This requires the insurer in return for a payment from the insured (the premium) to agree to reimburse the insured for losses arising from the consequences of an insured event. Insurance is one of the main methods of transferring risk and therefore is likely to play an important role in any risk mitigation strategy.</p> <p>The Council has policies in place with several different insurance providers. These include RMP QBE for Combined Liability insurances, Zurich Municipal for property and related insurances, plus a few smaller policies covering various classes with different providers e.g., Chubb and Lloyds underwriters. The amount of self-insurance (excess) used by the Council is £750,000 for material damage claims on council owned buildings and £500,000 for public liability claims and employers' liability claims. Other excesses apply for other classes of claims depending on the nature of the claim / policy. For liability claims, all claims are notified to the appointed claims handlers and if the reserve is approaching the limit of the excess or exceeds it, the insurer will be notified, and the senior managers / strategic directors will be notified within the council.</p> <p>The Corporate Risk &amp; Insurance Team is responsible for placing the Council's insurances, handling claims against the council and providing advice and support to departments and schools, with most work related to claims handling. The Council also maintains the services of an insurance broker.</p> <p>Liability claims are handled by a third party whilst leasehold building insurance is managed by the Home Ownership Team in Exchequer Services. The Property Team manages the daily claims handling for commercial property insurance and council housing stock policy. The Corporate Risk &amp; Insurance Team reports to the Adult Services Finance Manager and as appropriate to the Strategic Director of Finance and Governance. All operational decisions are made by the Strategic Director of Finance and Governance.</p> <p>An annual report on the volume of insurance claims is produced for the Audit and Governance Committee by the Corporate Risk Manager. The Corporate Risk &amp; Insurance Manager also meets on a quarterly basis with the major insurance providers to the Council for monitoring purposes.</p> <p><b>Good Practice:</b></p> <ul style="list-style-type: none"> <li>The Council has an insurance brokering and advisory services contract on a long-term agreement which was procured in accordance with the Council's Contract Standing Orders. A range of insurance policies are in place that cover the activities and work completed by the local authority, however, note our finding that the Council is seeking cybersecurity cover but has not been able to secure this.</li> <li>Insurance renewals are completed on an annual basis, and the Risk and Insurance Manager works with the broker to complete the annual questionnaire to ensure this is accurate and completed in time for the renewal. We found these were managed effectively and approved by the Strategic Director of Finance and Governance. This process includes a review of any material changes to ensure compliance with the Insurance Act</li> </ul>					

2015.

- Claims are handled by the insurer and are paid via an imprest account. Reports are provided on a monthly and quarterly basis including details in relation to claim management which allows the Council to see how long claims are taking to be processed and the amount spent on claims. These provide sufficient information to enable the Council to review the number of claims in progress, how these have been handled and the amount of money paid by the insurers.
- Internal recharges and charges made to schools for insurance coverage are paid on an annual basis and calculated at this time.

**Key Findings:**

- The Council is in the process of sourcing cybersecurity insurance, however, has not been able to complete this due to requiring further information from the IT shared service. The Council does not hold insurance relating to climate change.
- Trend analysis of claims received is not routinely completed but noted on an ad hoc basis where several claims are received in a specific area.

**Conclusion:**

The Council has in place a contract for insurance brokering and advisory services which is used to source insurance. The Council has sufficient coverage for the main areas of work completed, and on an annual basis to complete the insurance renewals, claims monitoring is completed on a regular basis to identify progress and the amount spent on claims. Recharges and charging for insurance coverage is completed on an annual basis across the Council so we have concluded a satisfactory assurance opinion on the control design. The Council was having issues in sourcing cybersecurity insurance due to internal issues with the IT shared service, and trend analysis is not routinely completed, therefore we have concluded a moderate assurance opinion for operational effectiveness.

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

Effectiveness

- Resolve outstanding issues to secure cybersecurity insurance and consider the climate-based insurance.
- Complete six-monthly reviews of claims to identify trends of claims made against the Council.
- Implement a rolling annual check of protocol documentation.

KFC07 Accounts Payable July 2022		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Substantial	Moderate	Medium	2
				Low	2
<b>Purpose of audit:</b>	To provide continuing assurance on the adequacy of the design and operational effectiveness of internal controls in managing accounts payable processed via SAP, to ensure that they are promptly and effectively brought into use. We also reviewed the effectiveness of the processes relating to supplier set up and amendments, raising and approval of purchase orders, payment processing and approvals.	<b>Added value:</b>	<p>We conducted data analytics and identified the following:</p> <ul style="list-style-type: none"> <li>• Our review of the SAP payments for the financial year 2021/22 (till Jan-22), identified there were no transactions processed without a vendor.</li> <li>• 25 vendors were identified as having duplicate names and two vendors had the same name and address with different bank details; we have not been able to verify the reason for this.</li> <li>• 79 duplications in vendor standing data, with the same bank account details being shared across several vendors. This has been investigated and any actual duplicates have been marked for deletion.</li> <li>• The average number of days from the Invoice date to clearing date is 48 days to be paid.</li> <li>• We identified that there were 56 out of 60,196 payments where the invoice date was later than the payment date, due to recording errors.</li> </ul> <p>None of the above results warranted a formal finding and recommendation in our report, however the results of the data analytics have been shared with management for further review.</p>		
<p><b>Background:</b></p> <p>The Council's main financial system is SAP which records accounts payable transactions. SAP allows invoices to be scanned onto the system and electronic purchase ordering /invoice approval is linked to the Council's scheme of management. The Financial Control and Processing (FC&amp;P) Team within the Exchequer Service division supports the processing of these transactions.</p> <p>The departments across the Council are expected to raise purchase orders electronically through SAP, these are work-flowed to the relevant individuals or via email, which are the sources of evidence and sign off for the FC&amp;P Team to raise orders electronically. The process requires them to send an email to the FC&amp;P Team confirming the receipt of goods. Once the purchase order, invoice and goods receipted are completed using a three-way matching system, the invoice is processed for payment.</p>					

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Non-purchase orders (direct entry) are raised by the departments via email using Excel spreadsheets which detail the requisition and contain the appropriate authorisation, which is in line with the departmental Scheme of Management. Invoices raised by suppliers are issued to the departments who are responsible for carrying out the relevant checks before providing them to the FC&P Team to ensure all details such as the supplier details and payment amount are correct. The FC&P Team is not responsible for assessing the accuracy, completeness and validity of the invoices received, ownership is with the relevant budget holder to ensure the information is accurate.

The FC&P Team undertakes payment runs every day at 1pm, their processes include checking for duplicate payments and allocating the payment method. The transactions that are flagged as duplicates or unusual are not processed for payment.

**Good Practice:**

- Monthly reports are run to identify departments who consistently raise purchase orders after the invoice
- A vendor amendment form is in place to allow for appropriate approval and segregation of duties when changes are required, including changes to vendor bank accounts
- A vendor amendment form was completed in full for all vendor changes selected in our sample, with appropriate authority approving the forms prior to being sent to the FC&P team for processing
- All vendor changes were approved by the relevant staff members within the FC&P team
- All winshuttle payments (these are direct payments processed via a spreadsheet rather than via purchase order) were processed by the correct staff member within the FC&P team.
- For a sample of 20 vendor payment transactions from April 2021, the FC&P Team met their five-day processing target on all cases.

**Key Findings:**

For a sample of 20 vendor payment transactions where a Purchase Order would be required from 1 April 2021, we found the following exceptions:

- On five occasions, the purchase order was raised after the invoice was received.
- On one occasion, the invoice was not attached against the transaction on SAP.
- On six occasions, payments were not made within the required 30 days.
- On three occasions, the authoriser of the purchase orders (input on SAP) was not listed in the Council's scheme of management.

**Conclusion:**

Overall, we have concluded substantial assurance in respect of the design of the control framework and moderate assurance on the operational effectiveness of the controls in place. Whilst no payment errors have been identified, our review identified some non-compliance with the Council's required procedures.

It should be noted that the issues concerning the scheme of management and the timely raising of purchase orders were identified in the last three audits. The Council are planning to introduce a 'no purchase order no payment' process by the end of the year which should address these issues.

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

**Effectiveness**

- A formal routine escalation process to the DFMs should be introduced to prevent purchase orders being raised after the invoice has been received.
- The FC&P Team should extend who the monthly reports are issued to, for example the business managers as they are more involved in the process.
- The reports currently being run by the FC&P Team to identify departments who continue to exceed the 30-day target should be included in the management review which is undertaken for purchase order discrepancies
- Winshuttle payments should not be processed by the FC&P team unless there is evidence of who requested and authorised the payment with dates.
- The schemes of management should be updated to reflect staff who are able to authorise payments and kept under regular review.

FG11 Housing Revenue Account July 2022		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Substantial	Substantial	Medium	1
				Low	-
<b>Purpose of audit:</b>	To provide assurance that the Council has robust management controls and governance systems in place over the processes around the recording of Housing Revenue Account (HRA) income and expenditure.				
<b>Background:</b>					
<p>The Council's Housing Revenue Account (HRA) reflects the statutory requirement under Section 74 of the Local Government and Housing Act 1989 to account separately for local authority housing provision. It is a ring-fenced account, containing solely the costs arising from the provision and management of the Council's housing stock, offset by tenant rents and service charges, homeowner service charges and other income. Up until 2012, government provided direct support via Housing Subsidy. In 2012 the "self-financing" arrangements for HRA into place in England. The Fire Safety Act 2021 and Building Safety Act 2022 introduced additional responsibilities and costs for the Council relating to their housing stock. The HRA is managed by the Housing and Modernisation Department Finance Team and the operational responsibility falls under the Acting Finance Director. The Strategic Director of Finance and Governance and the Strategic Director of Housing and Modernisation have overall responsibility for the area. The Acting Finance Director is supported by a team of four finance managers with responsibility for different elements that relate to HRA e.g., Asset Management, New Homes, and the wider Housing Capital Programme (HIP) and Resident Services/Customer Experience. The Housing and Modernisation Finance Team coordinate and consolidate HRA reporting. The team reports three times a year to Cabinet on the HRA in addition to the budget setting reporting (December 2021 and January 2022), with the latest capital expenditure reported to Cabinet in February 2022 and revenue monitoring in March 2022. Exchequer Services sits within the Finance and Governance Department and has responsibility for the collection of rent and tenant service charges and the billing and collection of leasehold service charges and major works.</p> <p>The HRA budget setting process commences with an indicative report to Cabinet in early December each year setting out the proposed budget commitments, changes to rents and service charges and savings required to enable a balanced budget to be set as required by law. This is followed by stakeholder consultation and then final approval by Cabinet in late January. The indicative HRA budget for 2022/2023 is £287.3m (2021/2022 - £274.4m). This is underpinned by income generated from rents, heating/hot water charges, tenant service charges, commission receivable, homeowners' major works, commercial property rents, fees and charges, and any recharges. The Government has instructed the Regulator of Social Housing to issue a Rent Standard such that dwelling rents can rise each year by up to the value of CPI plus 1%, as announced for the September preceding the rent year in question. The Government has guaranteed that this annual metric be used for five years from 2021, thereby limiting the maximum amount of income that can be generated through tenant rents. The timetable is as follows:</p> <ul style="list-style-type: none"> <li>• The ONS usually announce the CPI inflation rate for September in mid-October.</li> <li>• The Council sets a HRA budget including an average rent rise (which can be up to that figure plus 1%) in January.</li> <li>• The new rent becomes live from the first Monday in April.</li> </ul> <p>HRA expenditure relating to the housing stock under the HRA programme includes employee and running costs, repairs and maintenance, estate management including grounds maintenance/cleaning, depreciation, CERA and financing costs. The Council uses 'iWorld' for administration of housing rent and service charges from leaseholders. 'iWorld' has more than 37,000 secure tenants and circa</p>					

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15,000 leaseholders. Property Division manage the HRA commercial properties on behalf of the H&M department. The 'Manhattan' system is used to manage commercial properties. SAP is the Council's financial system.

**Good Practice:**

- The Council's Constitution sets out the responsibility for the HRA. There are two Cabinet members with HRA responsibility, overarching finance, and governance, and specific HRA housing and homelessness responsibilities.
- Cabinet considered the HRA budget for 2021-22 as a distinct item on 8 December 2020, separate from the General Fund budget. The indicative HRA rent setting and budget position for 2021-22, and the HRA Final Rent-Setting and Budget Report 2021-22 contained sufficient background information to consider the reasons behind the proposals and final rents approved and other charges.
- The Council has a clear staffing structure, roles, and responsibilities for the HRA activity, which is well understood by those involved.
- Clear policies, procedures and guidance are in place regarding the use of HRA funds, to ensure tenants, leaseholders, and homeowners are aware of their responsibilities. There is a comprehensive range of SAP procedures, and user-guidance on the Council intranet.
- There is a ring-fenced HRA account of transactions relating to the Council's tenants, within the General Fund, in accordance with Part II of the Housing Act 1985.
- The HRA has clear accounting classifications, cost centre or budget code ID, descriptions, and subjective codes, recording income and expenditure on running the Council's housing stock and closely related services, separate from the General Fund, in accordance with Part II of the Housing Act 1985. The cost centres, budget codes and subjective codes relating to the HRA Budget are documented. There is raw data supporting the budget in tabular Excel format.
- There is an HRA budget monitoring framework in place and appropriate oversight and scrutiny from senior management and members applied. There is a detailed HRA monitoring timetable. Resident services report bimonthly to senior management at a formal meeting, and to divisional management and Cabinet.
- HRA (SAP) account balances are reconciled to the 'i-World' and 'Manhattan' systems as well as other feeder system balances. There is monthly detailed review of pay and transactional level data to identify and correct any miscoded HRA transactions to ensure accurate and complete financial records.
- There is a comprehensive and detailed closing timetable, including year-end procedures to collate the HRA finances and accounting. In addition, there is an Accounts Closing Newsletter.
- There was a HRA Budget setting 2022-23 rent setting Consultation, including a comprehensive Webinar presentation of the HRA Budget 2022-23.
- The HRA Budget 2022-23 was reported to Cabinet on 7 December 2021 and 18 January 2022.

**Key Findings:**

Our review of SAP finance and accounting system users' security report dated December 2021, identified 80 current users' identifications not logging into SAP in the previous 90 days, and four users' last password changes that were between 2017 and 2020.

**Conclusion:**

There are robust management controls and governance systems in place over the processes around the recording of Housing Revenue Account (HRA) income and expenditure. Therefore, we have provided a substantial assurance opinion on control design.



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Through our testing, we were able to confirm that the controls that are in place over the HRA budget setting and monitoring processes are being consistently applied. However, our review of the SAP finance and accounting system users' security report dated December 2021, identified a significant number of current users' not logging into SAP in the previous 90 days, however, the users' access was not disabled. In addition, some users' last password changes were between 2017 and 2020. Whilst this issue needs to be addressed, it is not significant and overall, we provided an opinion of substantial assurance on the effectiveness of the controls in place.

KFC01 Council Tax July 2022	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
	Substantial	Moderate	Medium	1
			Low	2
<b>Purpose of audit:</b>	To provide assurance on the continuing adequacy of the design and operational effectiveness of internal controls, processes, and records in place to mitigate the identified risks relating to the collection of Council Tax.			
<p><b>Background:</b></p> <p>Council Tax is charged on residential properties within the London Borough of Southwark, based upon a fixed percentage, which has been raised by 3.99% since 2020/21. It is anticipated that approximately £123m will be collected during 2021/22.</p> <p>Residents may pay their Council Tax in several ways, including via telephone, online payments, bank transfers and direct debit and payment may be made in either fixed instalments or an annual lump sum. The enforcement team are responsible for the recovery of uncollected debts.</p> <p>Residents may also be entitled to a number of exemptions or discounts depending on personal circumstances, including single person discount, student discount, and disabled person discount. Sufficient evidence must be supplied to the Council prior to the discount being awarded, and where appropriate, will be reviewed annually for any changes.</p> <p>Whilst recovery of arrears was paused for 18 months during the pandemic, in April 2021 the Council commenced sending reminder letters and are continuing to take recovery action.</p> <p>The Council Tax Team is part of the income team which is managed by an Operations Manager and the Head of Income Operations.</p> <p><b>Good Practice:</b></p> <p>We identified the following areas of good practice:</p> <ul style="list-style-type: none"> <li>• Comprehensive work notes and screenshots are in place and set out how to process Council Tax, refunds, discounts, write offs and adjustments.</li> <li>• New properties are added to Northgate in a timely manner.</li> <li>• Regular fortnightly reconciliations of properties are conducted and authorised in a timely manner by the Revenues Officer.</li> <li>• Refunds are issued in line with the Council’s policies, and we found sufficient evidence to demonstrate clear segregation of duties.</li> <li>• Members of the Council Tax Team conduct random spot checks on refunds, discounts and write offs, to verify that applications have been correctly processed, and correctly recorded in Northgate.</li> <li>• Reconciliations between SAP, AIM and Northgate are undertaken regularly, and appropriately authorised.</li> </ul> <p><b>Key Findings:</b></p> <p>Our review also highlights some areas for improvement:</p> <ul style="list-style-type: none"> <li>• 34 out of 35 work instructions were last reviewed more than 3 years ago and some current practice is not reflected in the policies</li> </ul>				

- Future review dates were missing from Northgate across 12/15 sampled discounts applications.
- 7 out of 10 write offs did not have all recommended checks in place attached on Northgate

**Conclusion:**

The control framework is well designed to address the risks to the Council considered in our audit. The Council has detailed work notes on policies which are clear, concise, and easy to follow. However, we noted that some of the policies had not been reviewed on a regular basis.

In addition, we also found operational control weaknesses which included write offs not being reviewed and approved in line with the policies and procedures, and review dates for assessing discounts awarded not consistently recorded on Northgate.

We therefore provided a moderate assurance opinion on both design control and operational effectiveness in respect of the Council’s Council Tax procedures.

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

Effectiveness

- Future review dates for discounts awarded should be recorded on Northgate to ensure all discounts are checked on a regular basis, to promptly respond to changes of circumstances
- Ensure that all recommended checks are carried out or considered, before submitting the debt for write off

IT12 IT Disaster Recovery Review July 2022		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	2
		Limited	Limited	Medium	3
				Low	-
<b>Purpose of audit:</b>	To provide assurance that the Council would be able to continue to offer its critical services in event of a disruption or disaster impacting the IT environment				
<p><b>Background:</b></p> <p>Cyber Security incidents have significant impact on the business operations of organisations and every effort should be made to both prevent and minimise their impact. With an increasing reliance on IT in local government, councils are required to ensure that IT systems are appropriately protected to prevent any significant disruption and can be recovered quickly to limit any impact on customer services. Effective IT disaster recovery planning is therefore essential to ensuring the Council can respond to system failures in the event of a major incident or disaster to maintain operations for critical systems.</p> <p>The Civil Contingencies Act 2004 (the Act) delivers a single framework for civil protection in the UK. The Act establishes a clear set of roles and responsibilities for those involved in emergency preparation and response at a local level. The Act identifies the local councils as “category one” responders, which means that they are subject to full set of civil protection duties.</p> <p>Southwark Council (the “Council”) has an established shared ICT services arrangement in place, with Brent Council and Lewisham Council, to achieve savings through increased efficiencies and economies of scale. An inter-authority agreement (IAA) is in place, which commenced in November 2017, with most the Council’s ICT services assigned to Shared Transformation Services (STS) as an inhouse provision.</p> <p>As per the IAA, the critical services and systems have been categorized into the three tiers:</p> <ul style="list-style-type: none"> <li>• Tier 0 - these are key services outsourced to and managed by STS</li> <li>• Tier 1 - these are department specific systems, managed by individual service departments</li> <li>• Tier 2 - managed by Council’s inhouse IT department</li> </ul> <p>The tiers 0 to 1 are considered as critical services and systems and require robust continuity and contingency arrangements. Tiers 2 are considered non-critical. A breakdown of the IAA tiers is attached in Appendix I.</p> <p>The Tier 1 systems within Council’s IT infrastructure are third party hosted applications and systems such as Mosaic, Northgate, Tribal, Civica and Tallis. These are managed by the individual departments and services. These critical systems are not under the remit of STS and the responsibility for the business continuity and disaster recovery planning activities, sits with the third-party vendors for those applications.</p> <p><b>Good Practice:</b></p> <ul style="list-style-type: none"> <li>• The STS has a Business Continuity Plan (BCP) in place to ensure continuity and timely recovery of critical services and to establish minimum levels of service that must continue, outline roles and responsibilities of staff and detail incident response actions.</li> </ul>					

- The STS has an annual disaster recovery schedule in place to set out the periodic testing timelines across the infrastructure managed by STS. The schedule provides details of the technology or architecture to be tested within each quarter, the name of the testing team, the timelines involved and the description of the tests to be performed.
- The STS has documented appropriate evidence to confirm that recovery and continuity plans are tested concurrently, in line with disaster recovery schedule. The evidence confirmed the scope of the tests performed within agreed timescales, with actions identified, responsibilities assigned, and implementation monitored.
- The STS Data Centres are accredited to the Public Services Network (PSN) Code of Connection and adhere to the security standards commensurate with maintaining the accreditation detailed in the PSN Code of Connection and held on the Shared ICT Service Knowledge Management System.

#### **Key Findings:**

- We found that the Council does not have Council-wide IT disaster response, recovery, and management plan in place.
- We found that the Council's inhouse IT team does not centrally manage the recovery and continuity plans for the systems hosted by third party suppliers. Furthermore, there are no documented procedures in place to identify and add any new business critical systems hosted by Council's IT services or third parties to recovery and continuity plans.
- Our sample testing of third party hosted systems identified that no assurances have been received from suppliers by the system owners relating to business continuity protocols, for four out of six sampled systems (Acolaid, Tribal, EPJS, and Mosaic). Additionally, one system "Tallis" has been replaced by "Civica Spydus." An informal business continuity statement from the supplier was provided which does not provide assurance on how the supplier will ensure the continuity of services to the Council in event of a disaster or whether these arrangements have been tested in recent 12 months. • We noted that the Council does not have an IT business continuity plan in place, outlining the Council's risk appetite, business impact analysis (BIA) and risk assessments. As a result, organisational priorities and continuity and recovery thresholds are not clear
- We found that no Business Impact Analysis (BIA) or risk assessments have been conducted to identify the critical systems within Council's IT infrastructure and to prioritise them as part of disaster recovery planning activities.
- It was observed during our fieldwork that STS has not documented its backup and recovery arrangements, nor has established a requirement for consistency checks to be performed on the backups.

#### **Conclusion:**

Overall, we identified significant gaps during our review of the procedures and controls in place, with regards to Council's and STS response, recovery and continuity plans or protocols in the event of a disruption or disaster.

#### Southwark Council

We found that the Council does not have a Council-wide IT disaster recovery and business continuity plans in place. Furthermore, the Council have not identified the critical systems and services, to prioritise them as part of recovery and continuity planning activities. The third party hosted systems are not centrally managed and the departmental system owners are unaware of their responsibilities with regards to receiving assurances from the third parties on their ability to recovery and assure continuity of their systems in the event of an incident/disaster.

#### Shared Transformation Services (STS)

Whilst the STS has IT business continuity plan (BCP) and IT disaster recovery plan (DRP) in place, we found that the scope of DRP is restricted to data

centres, wireless network, and a cyber security event scenario at the data centres and does not cover organisation-wide critical systems. This has led us to our opinion of “limited” assurance for control design and operational effectiveness of the controls.

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

Design	<ul style="list-style-type: none"> <li>• The Council should develop a Council-wide IT disaster recovery plan that is aligned to and supports the Council’s priorities in executing recovery processes in response to a cyber security event or a disaster</li> <li>• Management should conduct a formal exercise of identifying all critical systems within their IT estate including third party hosted systems. A central record of all the critical systems should be maintained by the Council’s inhouse IT department</li> <li>• The Council should develop and document a Council-wide formal business continuity plan by identifying all critical systems within their IT infrastructure including third party applications</li> <li>• Management should document the backup and recovery arrangements which should be communicated to all relevant members of staff</li> </ul>
Effectiveness	<ul style="list-style-type: none"> <li>• Management should ensure that the roles and responsibilities are clearly defined, assigned individually to appropriate members of staff, and communicated to all relevant members of staff.</li> <li>• Management should identify, agree, and include the “Recovery Time Objectives (RTO)” and “Recovery Point Objectives (RPO)” for the Council’s IT systems and services in the IT Disaster Recovery procedures</li> <li>• The Council and STS should conduct BIAs to develop and update their effective responses to adverse incidents within their business continuity and disaster recovery arrangements</li> <li>• Management should put in place a defined schedule for testing backups for recoverability on a routine basis</li> </ul>

EL23 Licensing July 2022		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Moderate	Moderate	Medium	2
				Low	-
<b>Purpose of audit:</b>	To provide assurance over the adequacy of the design and operational effectiveness of the internal controls in place relating to licensing, including granting and ongoing review of licences, collection of fee income and monitoring to ensure compliance with legislative and regulatory requirements.				
<p><b>Background:</b></p> <p>The Council licences several activities that enable businesses to prosper within the borough, whilst regulating the activity to ensure it is safe and does not cause crime or nuisance. The Licensing Team is responsible for issuing licences in respect of sale of alcohol, late night refreshment, indoor spectator sports such as boxing, small lotteries, marriage venues, gambling premises such as betting shops, storage of small quantities of explosives, including fireworks etc.</p> <p>The Licensing Team is a part of the Regulatory Services Neighbourhood Nuisance Unit, working alongside the Noise and Nuisance Team, and work very closely with the Trading Standards and Health and Safety Team.</p> <p>The Licensing Act 2003 came into effect on 24 November 2003 and is the primary legislation which effectively governs the work of the Licensing Team. The Act repealed pre-existing legislation relating to alcohol, entertainment and late-night refreshment and introduced a new licensing regime, administered by the local licensing authority.</p> <p>At any stage following the grant of a premises license, a Responsible Authority (such as The Environmental Protection Team, The Southwark Trading Standards service, Director of Public Health, Secretary of State, or the Licensing Authority) or other persons (such as the residents), may apply for a review of a licence because of a matter arising at the premises in connection with any of the four licensing objectives.</p> <p>Applications received by the Licensing Team in the year 2020 had reduced substantially because of the Covid-19 pandemic. However, the unit has seen an increase in requests for new licenses between January and March 2021. The total number of applications received in 2019-20 and 2020-21 were 2,816 and 1,040 respectively. There are further signs of business recovery in 2021-22 evident by the number of applications received (503) by the end of the first quarter.</p> <p><b>Good Practice:</b></p> <ul style="list-style-type: none"> <li>• Adequate policies and procedures are in place, which are clear, comprehensive and in alignment with government guidelines.</li> <li>• From our sample of 20 applications, we found that licensing applications had been assessed in line with the requirements of the Council's policies. Our sample included two applications where objections had been raised, and in both cases, we found that they had been appropriately reviewed and approved by the Licensing Sub-committee.</li> <li>• At the time of this audit there was one case where a Responsible Authority or other persons applied for a review of a license. We found that the review was conducted and approved appropriately, and that sufficient documentation was retained to support the outcome of the review.</li> </ul>					

- The Council has a clear licensing fees and charges policy. Through our examination of the policy and the fees charged by the service, we can confirm that the fees charged were in line with the approved schedule of fees and charges.
- We were informed by management that external reports are produced and provided to the Gambling Commission and the Home Office upon request. Through sample testing and a review of meeting minutes we found that objections are presented to the Licensing committee and sub-committee, in line with the Council’s set policy.
- During the re-opening of the hospitality industry in April 2021, the Licensing service conducted visits to business premises, to ensure that the Covid-19 risk assessment and other relevant measures were in place to mitigate the risk of the spread of the virus. This was a temporary arrangement for the reopening of licensed premises, which saw the Licencing Officer attend premises that were operating during the pandemic, to provide advice on the COVID regulations and Government guidance. For monitoring purposes, the officer sent daily reports detailing the outcome of each visit. We found that on 29 August 2020, 24 premises were visited, and on 31 August 2020, 28 premises were visited, which were then revisited on the 7 November. The report stated what actions were taken on the visit, and it showed that for most businesses that were open at the time of the visit a letter was sent out to them from the Licensing team, however there were some cases where a letter was not sent out.

**Key Findings:**

- Licensing fees are not always collected or suspended on a timely basis and there were £490k of unpaid license fees at the time of audit.
- Performance management reports are not produced and reported to senior management to ensure underperformance is identified, monitored, and addressed.

**Conclusion:**

Overall, we provide moderate assurance on design and moderate assurance on the effectiveness of the key controls. We raised two medium priority recommendations in relation to collecting licensing fees and suspending unpaid licenses on a timely basis, and reporting performance management to senior management.

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

Design	<ul style="list-style-type: none"> <li>• The service should produce and report key performance indicators to senior management.</li> </ul>
Effectiveness	<ul style="list-style-type: none"> <li>• The service should closely monitor and promptly collect and suspend unpaid licence fees.</li> </ul>



HM51 Facilities Management July 2022		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Substantial	Moderate	Medium	2
				Low	-
<b>Purpose of audit:</b>	To provide assurance over the adequacy and effectiveness of the monitoring processes the Council has in place relating to their facilities management (FM) Contract. The audit considered the extent to which the contract objectives, deliverables and key performance indicators are being met.				
<p><b>Background:</b></p> <p>The Council has a contract for the provision of consolidated repairs and maintenance services across the operational estate. This began on 1 February 2013 and was expected to end on 31 March 2020. The contract has been extended by virtue of four deeds of variation (2017, 2018, a further deed in 2020 to transfer a further 55 sites to the contract for hard FM services from Kier FM in 2020). Finally in April 2020, the contract was extended for an additional 18 months with an approximate value of £10 million and an end date of 30 September 2022. The contract was awarded using the EU procurement process followed through a Crown Commercial Service (CCS) Framework Agreement. The contract is valued at c. £8 million per year; of this value, approximately £7m is for specific building improvements and accommodation rationalisation projects across the Council.</p> <p>The contract covers a full range of planned and reactive maintenance and compliance services across the borough, as well as minor works. This incorporates 55 sites across the Borough of Southwark, including corporate buildings, care homes, day centres, and 13 libraries. Provisions include compliance services to properties across the estate, such as fire and water risk assessments, electrical installation and condition reports, display energy certificates, F-Gas regulations, and asbestos duty holder re-inspections.</p> <p>The Council's corporate facilities management team (CFMT) manages the contract. The Contractor's performance is measured against a series of KPIs set out in the tender documentation, and the payment mechanisms are linked to performance. The Head of Facilities Management receives an annual service improvement plan that captures the previous year's performance and agree targets for innovation and service improvement for the following year. This process is supported by half yearly service reviews. In addition to the half yearly reviews, monthly contract management meetings are held and where significant projects are being undertaken, fortnightly project meetings are held.</p> <p>The Council has recently conducted a procurement exercise to replace this contract and move to a single Facilities Management contract and provider across the whole of the Council's estate. The tenders were evaluated, and a proposed new Contractor has been selected. The contract is due to be awarded on 16 June 2022. The contract is for an initial period of four years with an option to extend for a further two years. A decision is to be made during this time on whether to continue with a contracted external provider or bring the facilities management function in-house.</p> <p><b>Good Practice:</b></p> <ul style="list-style-type: none"> <li>• KPIs are in place to manage performance of the FM Contract are based on the key service areas. These are measurable and provide the CFMT a detailed view as to how the contractor is performing against their remit. These KPIs have been in place since 2013 and have been revised during the life of the contract. They will be further updated in the new FM Contract to ensure they meet the full coverage the new FM Contractor's services.</li> <li>• The KPI targets are consistently monitored through each month/ period and cover the full service. We have analysed the KPI Log spreadsheet which</li> </ul>					

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contains the Contractor's KPI target performance from 2017 to February 2022. Each year is broken down by month with the actual performance against target listed along with the KPI trend vs that of the previous period.

- There are consistent performance checks between the Council and the FM Contractor. We analysed meeting minutes, monthly performance reports and e-mail correspondence between CFMT and the contractor. Where actions are required, these are consistently followed up.
- Service delivery and KPI performance are critically analysed which we have evidenced through analysis of meeting minutes between December 2021 and February 2022. Due to inconsistent performance over the last two years, scrutiny is thorough. Senior management from both the Contractor and Council attend meetings which allows issues to be escalated immediately when required.
- Annual reviews of the FM Contractor are taking place, key areas of performance are covered and progress against KPIs are captured. Issues arising over the year are flagged and mitigations to manage these going forward are highlighted. We note that the two annual reviews seen (2017-18 and 2020-2021) were under two different Contractors. Both highlighted issues with the provider's level of service, however CFMT effectively challenges and follow up these issues. This was evidenced through analysis of the open job reports and action plans discussed in the monthly meetings.
- Communication protocols are working efficiently, problems with performance lay with contractor infrastructure and supply chain issues. We have seen evidence of consistent communication over the last three months. A collaborative tone between the two parties is evident, along with progress on improving the areas of poor performance.

**Key Findings:**

- Due to performance issues, over the lifecycle of the contract, end users have an overall negative view of the provider. This is evidenced by a consistent KPI failure during the pandemic for 11 months from April 2021 to February 2022 and related to the Contractor struggling to respond to customer complaints within five business days. CFM management recognised the impact the pandemic was having on the contractor to ensure that offices and buildings remained open and serviced, therefore financial penalties were not levied, however the Council has issued noncritical default notices where necessary, which have resulted in action plans to remedy performance issues identified.
- Risks related to overall FM Contractor failure are captured in the risk register. Whilst mitigating controls and actions are in place, they are currently vague and do not include detailed measures and tasks which are required be taken in each event.

**Conclusion:**

The Corporate Facilities Management team has demonstrated routine oversight and monitoring of provider performance. KPIs are consistently being reported on and reviewed and collaboration related to ongoing delivery issues is prompt. Senior managers are actively engaged in performance discussions and the last three months have demonstrated a decrease in work jobs which remain open. The FM Contractor has not performed at a consistent standard over the last five years. This can be attributed to several issues, including internal restructuring, the impact of the Covid19 pandemic on the ability to mobilise, supply chain issues and Brexit. However, the design of the Council's control framework was strong and is generally being adhered to. We therefore provided an opinion of substantial assurance in respect of the design. Given the ongoing performance of the contractor and that KPIs have routinely not been met, we have provided moderate assurance over the operational effectiveness of the controls in place in respect of the Council's management of the FM Contract.

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

Effectiveness

- The Head of Facilities Management should ensure that the risks pertaining to overall contract failure for the forthcoming new FM Contract includes:
  - Detailed breakdown of keys steps on how mitigating controls will be actioned
  - Impacts of the listed risks on the Council
  - Potential response times for getting FM critical actions implemented and compliance services operational
  - Details of how the government supplier framework will be utilised if original service and goods pipelines are no longer feasible
  - Key notes relating to the robustness of the FM Contractor's pandemic continuity plan.
- The Head of Facilities Management should develop an updated flowchart outlining the responsibilities and functions of the forthcoming FM Contractor.

EL02 Library Services July 2022		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Moderate	Moderate	Medium	4
				Low	2
<b>Purpose of audit:</b>	To provide assurance over the design and operational effectiveness of the controls relating to the operational management arrangements for the library service, including roles and responsibilities, budget management and income management.				
<p><b>Background:</b></p> <p>London Borough of Southwark (the “Council”) has a network of modern libraries across the borough in which the Council continues to invest and develop. There are a total of 12 libraries. The Council provides high-quality library, heritage and archives services including a wide range of book stock, which cater for the borough’s diverse population, a full range of events and activities for children and adults, internet, and wi-fi facilities in all libraries. The Council’s library service contributes to several strategic priorities, such as economic development, the national skills agenda, and health and well-being initiatives.</p> <p>The Council has a libraries and heritage strategy in place which aims to build connections with people and has some of the highest performance indicators (pre Covid-19) across libraries in London, including: 2.1m annual visits, 1.5m annual book issues, 309,000 books in stocks and resident satisfaction with the service of 91%.</p> <p>The revenue monitor for period 9 (December 2021) recorded a total net budget of £6.6m, YTD net budget of £4.9m and actuals of £5.3m. The Libraries and Heritage Manager confirmed that the libraries were closed for part of the year due to Covid-19 which has led to declining income levels. The total income budget was set at £521k, YTD budget of £391k and the observed actuals as at period 9 amounted to £152k, leading to an adverse income variance of £239k. It was further confirmed that the fees and charges have now been re-instated.</p> <p>On an annual basis, the Chartered Institute of Public Finance and Accountancy (CIPFA) collects data relating to public libraries across the UK from subscribing local authorities. The data provides financial and non-financial information. CIPFA collates the returns, analyses the data, and produces statistics sheets for each authority as well as an annual report.</p> <p>Due to the Covid-19 pandemic, the Council’s libraries have faced challenges such as reduced capacity, periodic closures and significant impact on day-to-day operations leading to declining income levels. The pandemic has also had an impact on visitor numbers and book loan issues.</p> <p>The audit’s focus was on the key areas of operational management, budgeting, and income management relating to the Council’s library service.</p> <p><b>Good Practice:</b></p> <ul style="list-style-type: none"> <li>We reviewed the Cabinet meeting minutes from February 2021 and confirmed that the Council’s Policy and Resources strategy 2021-22 revenue budget proposals were reviewed and submitted to the Council Assembly. The budget proposals were approved by the Council Assembly in February 2021. We identified that the Strategic Director of Finance and Governance, as the statutory section 151 officer, had considered the range of spending commitments and proposed savings were set within the resources available to meet local priorities. We reviewed the budget plans to verify that potential risks had been considered, including contingency plans where budget targets are not met. We noted that, the budget</li> </ul>					

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continued to allow for a contingency to mitigate the risk of shortfalls in potential savings and income targets, or higher levels of commitments arising from unforeseen budget pressures. Therefore, we confirmed that the budget for the year 2021/22 was formally approved by senior management prior to the start of the financial year.

- We reviewed the monthly budget monitoring reports from December 2021 to February 2022 and confirmed that the reports were detailed with variance analysis undertaken for each cost element. The budget monitoring reports are generated monthly by the Finance and Governance Department and presented to all directors of the Environment and Leisure department for oversight. For each library, a summary report was provided as well as a breakdown of total expenditure, total income, and the net budget. We confirmed that a supporting narrative was provided by managers to address areas with over or underspending.
- We reviewed a sample of 20 library service charges made from January 2021 to February 2022 and confirmed that the correct fee and charge had been applied for each transaction, and the correct amounts had been collected. The charges were in relation to printing, overdue items, and photocopying.
- A report is produced annually by the Operations Manager, using the benchmarked data and the Interactive report provided by CIPFA, summarising the performance indicators for the Council's libraries against all other London library authorities, which is presented to the Cabinet. The CIPFA Interactive report contains survey results, presented as an interactive document that allows the Council to make multiple comparisons between authorities based on a selection of performance indicators. As CIPFA did not carry out benchmarking in 2020-21 due to Covid-19, the Library Performance Interactive report was not generated for 2020-21. We reviewed the Library Performance Interactive report for 2019-20, and confirmed that the report was detailed, including key performance highlights for the Council, a summary of performance against key indicators such as total loans, wi-fi and PC usage, most loans per annum and physical visits. Other notable indicators included the number of active borrowers and level of capital expenditure on libraries.
- Financial performance monitoring reports are presented to the Environment and Leisure departmental Senior Management Team monthly. We reviewed the reports generated from December 2021 to February 2022 and confirmed that a variance analysis was undertaken between income and expenditure budgets and forecasts. The reports included a departmental summary outlining the projected outturn for the month.
- We reviewed a sample of three Management Information Reports generated between December 2021 and February 2021 for Dulwich, Walworth, and Brandon libraries to verify whether performance against KPIs is monitored and reported to management. We identified that KPIs were monitored monthly. The KPIs included: the number of visitors, operating hours, number of IT taster sessions. We confirmed reviews were undertaken by the Senior Contracts and Performance Officer, to monitor the performance statistics.
- We examined the annual statistics recorded for November and December 2021. We found that the data had been collated and reviewed by the senior contract and performance officer and is used to produce a cumulative report of the monthly statistics and KPIs including in the Monthly Information Returns. We also noted that the report included a summary page outlining the totals for the financial year to date, target number and percentage achieved.
- The Daily Cashing-up Instructions are documented and clearly written and provide a comprehensive walk-through on how to complete each step within the library management system, with pictures attached as a guide and how to count and record the cash after it is taken out of the till.

**Key Findings:**

- We reviewed the Council's Library Operations Manual and identified that roles and responsibilities were not clearly defined, and there is no formal guidance on the escalation process for service-related issues. We also found that reporting and monitoring arrangements were not outlined, and the manual was last reviewed in February 2019.

- We reviewed the Library and Heritage Strategy action plan and identified that the actions were not specific and did not clearly state how the actions would be achieved.
- The Council does not have a specific process for the management of library arrears and recovery of outstanding debt.
- There are no formal improvement plans identified in the annual and monthly performance statistics reports, to address the service disruption experienced during the pandemic.
- We reviewed a sample of five cash breakdown slips and in one instance, we were unable to confirm that the amount deposited matched the amount recorded centrally on the SAP system, as the cash was not deposited by the Council’s cash collection agent to the bank. The amount is recorded on the SAP system, once it is deposited at the bank. However, we identified that cash had not been collected from Brandon Library since January 2020; therefore, the amount was not recorded on the SAP system.

**Conclusion:**

Whilst the Council has a Library Operations Manual in place for the day-to-day management of library services, we found that reporting and monitoring arrangements have not been outlined. In addition, the Council does not have a specific process to manage library arrears and to recover outstanding debts. Therefore, we have provided moderate assurance opinion on control design.

We identified issues in the operational effectiveness of controls in place, which included exceptions in relation to the specificity of the actions recorded within the Library and Heritage Strategy action plan. We found that the actions did not have milestones, timescales, and a metric to measure progress. We also identified that there were no improvement plans for the annual and monthly KPI targets where targets had not been achieved, primarily due to the disruption experienced because of the pandemic. We have therefore provided moderate assurance for operational effectiveness of controls.

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

Design	<ul style="list-style-type: none"> <li>• To review the Library Operations Manual and include guidance on roles and responsibilities of library staff, the escalation process for breaches and provide detail in relation to reporting arrangements</li> <li>• To develop improvement plans which support KPI reports ensuring that service delivery and performance is addressed, and mitigating actions are identified</li> </ul>
Effectiveness	<ul style="list-style-type: none"> <li>• To implement timescales, milestones, and a metric to monitor the progress of actions within the Library &amp; Heritage Strategy action plan such as RAG ratings.</li> </ul>

<b>TR16</b> <b>Risk Management</b> June 2022	<b>LEVEL OF ASSURANCE</b>		<b>SUMMARY OF RECOMMENDATIONS</b>	
	Design	Operational effectiveness	High	-
	NA	NA	Medium	4
			Low	2

<b>Purpose of review:</b>	To help ensure that an effective risk management culture becomes embedded across the Council, by highlighting areas where processes could be improved.
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**Background:**  
 As a primarily advisory piece of work, the assessment will not generate an assurance opinion. This review assessed how Southwark is managing risk and benchmarked the Council’s approach against other authorities and made recommendations for improvement.

**Key findings:**

- The current and target maturity levels for the five areas assessed, based on our work performed and a realistic trajectory of progress for the Council, are summarised below:

	Risk Governance	Risk Assessment	Risk Mitigation	Reporting and Review	Continuous Improvement
Current	Aware	Aware	Aware	Naïve	Naïve
Target	Managed	Managed	Managed	Defined	Defined

- We found that the Council is performing in line with other Councils around governance and risk assessment. However, the Council has two naïve areas in reporting and continuous improvement when compared to other Councils.
- The Corporate and departmental risk registers have not been formally linked to the objectives set out in the Borough Plan 2020-2022.
- We found no evidence that the Risk Management Policy Statement and Strategy has been approved by the Cabinet or the Audit, Governance and Standards Committee and it has not been updated since July 2018. Three out of the four Risk Champions we interviewed were not aware of the existence of the Council’s Risk Management policy or how to access it.
- Our interviews with four Risk Champions also highlighted that training had not been provided to them in this role. Furthermore, their performance as Risk Champion for their department is not formally covered and reviewed as part of their annual appraisal and continuing professional development
- We found that there is no regular reporting on risk to the Chief Officer’s Team (COT) or to the departmental senior management teams; the CRR is not presented to any further groups for review and the local risk registers are not presented to any of the Council’s committees.

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- The Audit, Governance and Standards Committee review the Corporate Risk Register once a year as part of the annual report on corporate risk and insurance. More regular review would improve the oversight provided on the management of the risks facing the Council and the adequacy of the steps that have been taken to mitigate and manage risk.
  - There is inconsistency in the approaches to managing, identifying, or monitoring risk or risk registers across departments.
- A detailed improvement plan has been developed in response to the assessment, which is to be delivered during 2022-23.



CX01 <b>Emergency Planning</b> June 2022		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Substantial	Moderate	Medium	2
				Low	2
<b>Purpose of audit:</b>	To provide assurance over the design and operational effectiveness of the controls relating to the emergency planning response and arrangements at the Council. The audit included a review of whether roles and responsibilities are clear across the Council and with other agencies, along with the impact of the response to Covid-19 on working practices and resilience.				
<p><b>Background:</b></p> <p>The Generic Emergency Plan details how the Council complies with the Civil Contingencies Act 2004 (CCA) and sets the Council’s strategy for dealing with a broad range of incidents. This was first published in September 2005.</p> <p>The Council has clear legal and moral obligations to provide effective, robust, and demonstrable emergency arrangements to mobilise its resources at a short notice, to deal with a broad range of incidents. This may be on a localised departmental level, where a simple out-of-hours activity is required, or on a much larger scale, where a multi-function response requires dedicated coordination, liaison, and communication.</p> <p>Under the CCA, the core responders consist of the emergency services, Environment Agency, Local Authorities and Port Authority. As a Category 1 responder, the Council has the following responsibilities:</p> <ul style="list-style-type: none"> <li>• Assess the risk of emergencies occurring and use this to inform contingency planning</li> <li>• Put in place emergency plans</li> <li>• Put in place business continuity management arrangements</li> <li>• Put in place arrangements to make information available to the public about civil protection matters and maintain arrangements to warn, inform and advise the public</li> <li>• Share information with other local responders to enhance coordination - Cooperate with other local responders to enhance coordination and efficiency.</li> </ul> <p>The Council’s Corporate Business Continuity Plan serves as a strategic plan to which department plans align. Each department holds their own specific service area business continuity plan which feeds into this plan. This plan serves to ensure that all service areas are involved in the preparation of business continuity plans so that there is an effective and consistent response to service continuity.</p> <p>The Business Continuity Steering Group coordinates the strategic decision-making process for business continuity, ensures that the business continuity plans are signed off at the appropriate level and that there is adequate ownership and resourcing of business continuity arrangements.</p> <p>In March 2020, the Council set up a borough emergency control centre to address the risks arising from the Covid-19 pandemic.</p> <p><b>Good Practice:</b></p> <ul style="list-style-type: none"> <li>• In accordance with the routine annual review cycle, the Southwark Council Generic Emergency Plan was last reviewed in January 2021. The plan was updated again in June 2021 ahead of a Cabinet meeting where it was presented to encourage better participation from Councillors in the emergency</li> </ul>					

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responses taken.

- The plan includes all relevant areas such as the Council's role, links to risk registers, business continuing planning, procedures, and triggers for activation of the plan and key roles and responsibilities of staff involved in responses such as Local Authority Liaison Officers (LALOs). The plan is accessible to all staff and members of the public as it is published on the Council's website.
- There are ten supporting handbooks that provide in-depth guidance to all key personnel involved in the process and for all key stages such as setting up and running a Borough Emergency Control Centre (BECC) and recovery after the incident. All handbooks have been subject to regular review and approved appropriately.
- Incidents are recorded and maintained in line with the requirements of the Generic Emergency Plan in a spreadsheet, which is maintained by the Emergency Planning team and stored to the team's shared drive. The spreadsheet details the type of incident, location, date, level as per the Generic Emergency Plan, whether LALO attended and whether a Borough Emergency Coordination Centre (BECC) was set up. The Generic Emergency Plan clearly states when the plan should be invoked and by whom before explaining the procedures, roles and responsibilities, types of incidences and how to establish a BECC.
- From our review of all mock exercise summaries completed in the last 12 months, we confirmed that they had been planned, undertaken in line with the generic Emergency Plan and recorded to assess the outcome. Summary reports are produced of all mock incidents to be shared for learning purposes. One multi-agency live play incident and one Pan-London incident hosted by London Resilience is conducted annually as well as a number of internally planned mock incidents. Reports show that incidents were dealt with in line with the Emergency Plan.
- The Emergency Planning and Resilience Team have maintained good relationships with the Category 1 and 2 responders that they work with. To build and maintain good relationships with the external parties, the Emergency Planning and Resilience Manager attends the London, Central Sub-regional and National resilience forum, which is also attended by the Category 1 and 2 responders.
- The Emergency Planning and Resilience Manager, being the former Commander of Southwark's Fire Department, has the knowledge and network to help the Borough in maintaining good relationships. He also chairs a Borough Resilience Forum, which takes place quarterly and has consistently taken place through the pandemic remotely. The meeting is attended by all Category 1 responders and frequently Category 2 responders also attend. The Borough Risk Register is discussed to ensure everyone is aware of their responsibilities if an emergency is presented.

**Key Findings:**

- Departmental business continuity plans are not prepared in a consistent manner, with some departments not including key contacts in their plan, some having contacts that are not current employees of the Council and others that have not been reviewed regularly.
- Business Continuity Steering Group meetings understandably took on a different role through the Pandemic. Minutes were also not prepared in the regular template, which did not include a list on attendees, a section for actions and action owners. There should now be a return to business as usual.

**Conclusion:**

The Generic Emergency Plan is a complete document which is being updated periodically, mock incidents are conducted and reported in line with the plan and a database is maintained of all emergency incidents, therefore we have concluded a substantial assurance opinion on control design. However, due to incomplete departmental business continuity plans and the Business Continuity Steering Group meetings not being documented appropriately and not covering its key role during the Pandemic, a moderate assurance opinion has been concluded on control effectiveness.

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

Effectiveness

- Post-incident reports should be considered for all incidents and actions arising from the reports should be monitored in an action log
- Business continuity plans should be reviewed regularly and completed in a consistent and thorough manner by each Department with the help of the Emergency Planning Team
- Borough risk register should add mitigating controls for all the Borough specific risks to demonstrate how the risk will be minimized
- Business Continuity Steering Group should resume its original function and reporting template and an action log should be monitored of actions that arise from the meetings

CAS04 <b>All Age Disability</b> May 2022		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Moderate	Moderate	Medium	3
				Low	1
<b>Purpose of audit:</b>	To help ensure that an effective risk management culture becomes embedded across the Council, by highlighting areas where processes could be improved.				
<p><b>Background:</b></p> <p>The All-Age Disability Team is a social work team that provides support and services in the borough of Southwark for children and young people with eligible care and support needs. The services include activities, short breaks, care arrangements, care packages or a personal budget. Children and young people with a disability aged 0 to 25 and who live in Southwark are eligible for this service. The service is funded by the Council and is a statutory service.</p> <p>A child or a young person with a disability is referred to the service by other agencies such as Children’s Social Care - Assessment and Intervention Service and Family Early Help. A social worker then contacts the parent/carer to discuss the child’s disability and seeks their permission to obtain information from other professionals such as the child’s GP, teacher, or physiotherapist. The criteria for disability registration with the service is that a child or young person has a severe to profound and permanent disability of one, or a combination of learning disability, communication difficulties, physical disability, visual or hearing impairment or complex health needs. If the child is eligible for a service, the team carries out an assessment of the child’s needs. The assessment focuses on the child’s developmental needs, a parent or carer’s capacity to meet those needs and the environment in which the family lives. After the assessment, if eligible, the team agrees a care plan for the child recording what help would be available to meet the child’s needs.</p> <p><b>Good Practice:</b></p> <ul style="list-style-type: none"> <li>• An appropriate officer is completing the initial assessments for ensuring that only eligible children and young people are assigned a care plan across all ages</li> <li>• All ages from 0 - under 18 were appropriately referred from Multi Agency Safeguarding Hubs (MASH)</li> <li>• From a sample of ten care plans across the ages 0-25 which are subject to an annual review we confirmed that they had all been reviewed within 12 months</li> <li>• Value for money when assigning care packages to individuals is considered and discussed when allocating care plans.</li> </ul> <p><b>Key Findings:</b></p> <ul style="list-style-type: none"> <li>• For a sample of 10 payments made to care providers for the ages 18 - 25 we found that: <ul style="list-style-type: none"> <li>- On one occasion, the funding form required to be approved at Panel was not present.</li> <li>- On two occasions, the weekly value agreed at panel was above the £1500 threshold permitted on the scheme of management (£2402.1</li> </ul> </li> </ul>					

and £2093.61). This was explained to be due to a significant saving for the Council potentially being gained so there is a verbal understanding within the team that the Head of Service can approve values greater than £1500 in these circumstances.

- On one occasion, the Learning Development funding form dated 15/01/2020 indicated that the package should be reduced to £372 per week. This has not been updated and payments are currently at the original agreed amount of £440 per week.

- For the ages 0 - under 18, from a sample of ten care packages we found that on one occasion, the initial assessment for ensuring that only eligible children and young people are assigned a care plan was not completed within the required 45-day period.
- For 18-25, from a sample of five care packages we found that on one occasion, the initial assessment was not completed within the required deadline of 28 days.
- From a sample of ten care plans across the ages 0-25 that have been in place for longer than 12 months, we found that on two occasions, the care package had been adjusted following a review but this did not go to panel for approval.

**Conclusion:**

Our review identified areas where the controls in place were not being followed and operating effectively. This particularly related to the processing and authorisation of care plans where we found that payments had been made without the correct backing evidence. In addition, the correct level of authorisation is not being obtained when care plans are reviewed. With regard to the control framework, the processes in place do not ensure that the initial assessments are carried out on a timely basis. We have therefore concluded a moderate opinion for both the control design and operational effectiveness.

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

Design	<ul style="list-style-type: none"> <li>• Managers should be monitoring assessments that are due to exceed the time frame and offer assistance where necessary to social workers.</li> <li>• The all-age disability procedure document should be updated and signed as authorised by the departmental head.</li> </ul>
Effectiveness	<ul style="list-style-type: none"> <li>• Existing processes should be reviewed to strengthen controls to ensure that appropriate panel authorisation is in place before any care packages are funded and these are subsequently reviewed on a timely manner.</li> <li>• Management should undertake periodic sampling to ensure that control systems are robust and being complied with.</li> <li>• Staff should be reminded that where annual reviews are completed there are no discretionary limits for authorising adjustments to care packages and all such adjustments must be put to panel for approval.</li> </ul>

EL01 <b>Highway Maintenance (Minor Works)</b> May 2022		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Substantial	Substantial	Medium	1
				Low	1
<b>Purpose of audit:</b>	To provide assurance over the adequacy and effectiveness of the controls and processes the Council has in place for its Highways Maintenance Services (minor works).				
<p><b>Background:</b></p> <p>The Council repairs and maintains 332 kilometres of public roads and footpaths and over 60 grass verges in Southwark. The service is managed by the Council's highways maintenance team who are responsible for ensuring the Council adheres to the Highways Act 1980 and all other relevant legislation. The service covers the management of the physical state of the borough, as well as reactive maintenance, flood, and winter service provisions, and maintaining the highways cyclical programmes.</p> <p>A six-year contract (with an option to extend for a further 2 years) for the provision of highways maintenance and project delivery was awarded on 1 July 2020. The contract comprises two Lots (A &amp; B) with Lot A for the provision of Minor Works and Lot B for the provision of Planned/Major Works. This audit is for the Lot A element of the contract which covers minor maintenance of the borough's highway infrastructure and undertaking minor improvements to the network. The Contract is valued at £1,345,292 per annum for the provision of reactive maintenance including some planned maintenance, repairs to gullies, structures work and the Council's winter maintenance services.</p> <p>The contract excludes the delivery of post inspections, spot check audits, gulley cleansing, and the raising of works orders. These services are managed by the Council's in house highways maintenance team and the cleansing team for gulley works. The team structure comprises a highways maintenance manager, supported by three managers, two engineers, four technicians, and three highways' inspectors. Five apprentice engineers report into the Asset and Technical Manager.</p> <p>The service is underpinned by a suite of strategic and operational policies and procedures, which define the governance and contract management framework for the Council's Highways Maintenance Services.</p> <p>The team are responsible for ensuring the service delivered is in line with the terms of the contract and the Council's Asset Management Strategy.</p> <p>The findings for this review relate to Lot A Minor Works. These consist of emergency and planned works across the borough of Southwark ranging between 2 hours and 28-day completion targets.</p> <p><b>Good Practice:</b></p> <ul style="list-style-type: none"> <li>• Policies and procedural documentation are in place which contains clear references to the 1980s Highways Acts and applicable legislation.</li> <li>• We reviewed the KPIs that the Council's contractor FM Conway must adhere to; they are clearly defined and ensure conditions of contract are being effectively operated in line with expectations.</li> <li>• Our analysis of work jobs undertaken within the last 12 months verified that tasks are completed within the agreed time scales.</li> </ul>					

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- We selected a sample of 20 jobs raised within the last 12 months, to assess the consistency of repair requests being recorded and communicated to the contractor. Our review found that work orders and associated actions are recorded on the Confirm system and communication between the Highways Division and FM Conway is consistent and clear.
  - We obtained a sample of 20 work job invoices from April 2021 to date of audit. We utilised the invoices to assess whether the invoice cost amounts consistently reconcile with the Council's Commitment reports, and to verify that the management sign off protocols effectively mitigate the risk of false/ duplicate invoices.
  - Our analysis of five months' budget reports (August - December 2021) demonstrated that spend is effectively monitored and overseen by the Highways Maintenance Manager. We found that variances are minimal and where identified, there is a formal process in place to address issues which includes reporting to the Finance Team, Head of Highways and if necessary, the Strategic Director of Environment and Leisure, to ensure oversight and alignment with forecasts going forward.
  - Performance against the target KPIs has been consistently surpassed. This was evident from our examination of the team's performance reports for months August 2021, November 2021, and January 2022. Contractor responses to jobs are optimal and lapses in service quality are reviewed by the Council's Highways Division to implement controls and verify any mitigating circumstances.
  - The contract management arrangement between the Council and FM Conway is operating effectively. Performance is formally discussed and reported on a consistent basis. We reviewed documentation from the March 2021 Annual Contract Report, and the 24 November 2021 progress meeting, which demonstrated that performance is formally discussed and reported on a consistent basis. We also noted from testing data that the Highways Division will challenge poor workmanship where identified.

**Key Findings:**

- There is no systematic percentage of Lot A jobs which should be audited each month, impacting the consistency of KPI data comparison throughout the year.
- Operational policies do not contain standardised guidance stating the exact requirements and reporting parameters for the K2 audits.
- Operational policies do not contain defined guidance clarifying the circumstances when an on-site K2 audit should take place

**Conclusion:**

The control design was strong and is generally being adhered to. We have therefore provided an opinion of Substantial Assurance in respect of the design, and Substantial Assurance over the operational effectiveness of the controls in place in respect of the Council's Lot A Highway Maintenance (Minor Works).

HM06 Major Works March 2022		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	2
		Limited	Moderate	Medium	1
				Low	-
<b>Purpose of audit:</b>	To provide assurance over the design and operational effectiveness of the controls relating to the delivery of the major works programme, including planning, procurement, monitoring quality, timeliness, and budgets.				
<p><b>Background:</b></p> <p>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.</p> <p>The Council has a 30-year asset management programme covering major works needed on their existing housing stock, including halls, hostels and street properties which was agreed by the Council's Cabinet. Some major works are completed outside of this programme in exceptional cases, such as if an incident happens which means a property needs work earlier than expected. Major works on the existing properties include external works to blocks, roofs, windows, and front doors, Kitchens, Bathrooms, and major fire safety works. A range of procurement methods are used to select the contractor who will complete the works.</p> <p>The Council has three partnering arrangements in place which cover major works in the south of the borough. A framework agreement is generally used for major works in the north of the borough, with the framework depending upon whether the cost of the works is above or below £3.1m, with a separate framework relating to heating.</p> <p>Regular monitoring meetings are held with the three partners, with key performance indicators used to assess the performance of the contractor, including resident satisfaction and completions on time. New performance monitoring arrangements have been implemented since 2019 with framework contractors, including the addition of key performance indicators.</p> <p><b>Good Practice:</b></p> <ul style="list-style-type: none"> <li>• There is a 30-year asset management major works building programme in place, approved by Cabinet on 20 October 2015, and an Asset Management Strategy approved by Cabinet in 2016, which was updated to reflect legislative changes in 2021 with sufficient detail, rationale for the 10 major works projects in our sample, and clear justification for deviation away from the programme.</li> <li>• Each of the major works' projects in our sample had a feasibility study which was reviewed and signed off by an in-house Quantity Surveyor or partner which supported the project, and a schedule of works in accordance with each of the feasibility studies. In addition, where issues were highlighted in one case that needed to be resolved before the project commenced, they were signed off that they were resolved to satisfaction.</li> <li>• There is a framework of contracts following the Council's Contract Standing Orders, the Contractors Framework, which includes Lot 1 contracts under £3.5m; Lot 2 contracts over £3.5m; Lot 3 district mains, boilers, and internal works; communal and internal electrics which</li> </ul>					



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are procured under Lots 1 and 2; partnership agreements; and professional consultants which support the “in house” team.

- There is a predetermined contractor evaluation methodology, criteria, and transparent decision in the selection of the contractors performing the works, following the Council’s Contract Standing Orders; part of the Contractors Framework in which the contractor is evidenced as meeting the predetermined selection criteria for cost and quality or the works fall under a partnering arrangement. In addition, our assessment of the reasons and value for money implications in relation to the two different procurement approaches adopted for north and south of the borough identified that using the Contractors Framework is how the Council achieves large-scale, cost-effective delivery and value for money.
- In addition, there are arrangements in place to renewing the Contractors Framework to ensure that the contracts are not expiring in the near future and the major works programme is not halted as a result.

**Key Findings:**

- There are three partnering arrangements and documented agreements in place for the delivery of the major building works that were approved prior to being entered into. However, there have been changes of name for the partnership contractors and trading names since then. Through discussion with the Head of Investment we were unable to establish when the name change occurred or whether the partnering arrangement has been transferred to a new company to ensure the legally enforceable nature of the partnership arrangement is not impaired.
- The Council’s asset management database, Apex is the primary source of data for over 50,000 property units. However, there was an absence of data quality policy documents, standards, and documented procedures to ensure the quality and consistency of the data input by project managers, and other departmental officers within the investment team. A sample of the performance monitoring reports available to the Head of Investment, the project managers, and other departmental officers within the investment team could not be provided. In addition, a report of users’ access privileges to the Apex system could not be provided.
- There are specific KPIs in the major works contracts in the areas of time, cost, and quality. Performance on the contracts is monitored by the Head of Investment and Asset Management. However, our review identified there are insufficient performance monitoring arrangements for the Contract Framework for major works, or evidence of such monitoring occurring, as the Partner Contract KPI report for 2021-22 provided was incomplete, KPI monitoring results for Lot 1 for contracts under £3.5m were incomplete. The three most recent minutes of meetings and cash flow forecasts from 2020-21 or 2021-22 for the partnership agreements could not be provided, and Lot 2 for contracts over £3.5m; Lot 3 for district Mains, Boilers, and Internal major works, all were unavailable and could not be provided.

**Conclusion:**

We have concluded a limited level of assurance on the design of the internal control framework due to the gaps in the process and procedures in place to confirm and ensure partnership company changes of name do not impair the legally enforceable nature of the contractual agreements, and the significant contract values. In addition, due to the asset planning team being unable to demonstrate and evidence they sufficiently record the work undertaken by the Delivery Team and the poor user access control over the Council’s asset management database, Apex which is the primary source of data for over 50,000 property units. Where practical, efforts should be made to address these weaknesses in-year.

We have concluded a moderate level of assurance on the operational effectiveness of controls. This is due to inconsistent and incomplete contractor performance monitoring in the areas of time, cost, and quality across the projects sampled. In addition, due to the inability to identify issues and concerns that require remediation, this could increase the likelihood that projects are not achieved in time and to budget.

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

Design

- Ensure there is a management process and procedures in place to ensure contractual agreements are maintained up to date when there is a company name change / other legal change.
- Ensure there is a data quality policy and strategy in place, including clear roles and responsibilities, standards and procedures for the Council's asset management database, Apex. This is to ensure the quality and consistency of the data input to and reported from Apex by project and contract managers, and other departmental officers within the investment team.
- Ensure the Apex database system user access permissions are appropriate for current employees.

Effectiveness

- Ensure there is comprehensive and consistent performance monitoring of the Contract Framework, including key milestones and performance targets to be achieved, and periodic documentation of the performance monitoring by project and contract managers, including achievement against time, cost, and quality.
- Ensure there is comprehensive performance monitoring reporting readily available to the Head of Investment, the project managers, and other departmental officers within the investment team, as appropriate.

HM34 Housing Tenancy Management March 2022		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Moderate	Moderate	Medium	2
				Low	3
<b>Purpose of audit:</b>	To provide assurance over the adequacy and effectiveness of the housing tenancy processes the Council has in place relating to their succession case management. The audit considered the extent to which the succession legislation, processes, deliverables, and key performance indicators are being met.	<b>Added value:</b>	<p>Based on reviews of the management of succession at other Councils we identified the following areas of best practice:</p> <ul style="list-style-type: none"> <li>• Having clear, detailed procedures in place</li> <li>• Good, consistent record-keeping and evidence retention</li> <li>• Having a clear audit trail that justifies decisions taken and can help other departments (eg Legal) when needed</li> <li>• Well-designed housing management system, with in-built detective controls to help ensure the timely processing of applications. For example, the housing management system at one organisation automatically triggered notifications when applications were five days from the date by which they should have been completed by</li> <li>• Quarterly management review - eg a sample of completed cases reviewed to confirm compliance with policies and procedures, with feedback given to staff</li> </ul> <p>We believe the design of the Council's arrangements generally reflect the above, although there are currently no defined timeframes set in the process, eg when issuing letters of confirmation. However, we did not identify any key gaps in the current procedures.</p>		
<b>Background:</b>					
<p>The Council has approximately 54,000 homes which are managed by the Area services Team who fall within Housing and Modernisation directorate. The properties are divided into three geographical patches: North, South, and Central consisting of 18000 units per patch which are led by three Area Housing Managers, who are responsible for ensuring the Council's succession procedure is implemented within their respective area.</p> <p>The Resident Service Officers are responsible for carrying out the succession procedure, including making referral to the Investigations Team where potential fraud is detected. All cases are reviewed and approved by the Resident Services Managers, who are responsible for ensuring the Council have complied with their internal processes and legislation.</p>					

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The Housing Act 1985 defines succession as when a person takes over a tenancy when the original tenant dies. The person who inherits the property is known as the successor. The Act specifies there can only be one succession of a secure tenancy, which means that if the deceased tenant was already a successor then the tenancy cannot be passed on again to another person. This also applies to joint tenancies where the tenancy is transferred from one of the joint tenants to the other after they have died.

For tenancies dated prior to 1 April 2012, the following relatives could succeed automatically to a tenancy: a joint tenant, spouse, or civil partner. Other eligible relatives included parents, grandparents, children, grandchildren, siblings, uncles or aunts, nephews or nieces, half brother or sister and foster children, however the non-spouse group are required to have lived at the property for 12 months. Foster children are not included in the list of eligible family members as set out in s113 of the Housing Act 1985.

Changes in legislation that took effect from 1 April 2012 limited the right of succession to a smaller group of relatives - a joint tenant, spouse, or civil partner.

Where there is a potential successor to a property, they must complete a standard claim form and attach evidence stipulating their relationship with the tenant in addition to their proof of address. Information required includes: the former tenant's death certificate, proof of full name and date of birth (birth certificate, passport, or drivers' licence), proof of relation with the former tenant (birth or marriage certificates for example) and proof that the claimant currently lives in the property (bank statements, council tax or utility bills). The Council's Fraud Team are responsible for carrying out investigations on any suspected fraudulent succession claims.

Once the necessary checks and due diligence have been carried out and are satisfactory, the Council will invite the successor (through survivorship) to sign the original tenancy agreement. The principle of survivorship is only applicable to joint tenancies and the mechanism for effecting such transmissions from a joint tenant to a sole tenant following the death of one or more joint tenants is via a Deed of Succession. In the case of joint tenants, the tenancy transmits automatically upon death and the last remaining tenant is deemed a survivor. However, if the property is deemed too large for the successor's needs, then they are required to complete an online housing registration form, and the Housing Solutions team are informed for the consideration of a smaller sized property which suits the successor's needs. If the successor refuses alternatives offered by the Council, then a Notice of Seeking Possession is issued which may result in the tenant's eviction. The Council is required to institute legal proceedings and serve notice under schedule 2 Ground 15A of the Housing Act 1985 against a successor who is a family member of the deceased if they are occupying the property. A spouse or civil partner is exempt from under occupation proceedings for secure tenancies.

The Council has a discretionary Allocation Policy which allows a new tenancy to be granted in certain special circumstances, and decisions are made on a case by case basis and approved by the Area Housing Managers.

**Good Practice:**

- Succession procedures reflect key legislation (eg the Housing Act 1985), and clearly outline the eligibility criteria for the succession of both pre and post-April 2012 tenancies
- Roles and responsibilities are clearly documented
- All decisions recommended by Resident Services Officers (RSOs) are subject to approval by Resident Services Managers (RSMs), while Area Managers

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approve all discretionary decisions. There is therefore an inherent level of management oversight throughout the process to review and manage succession applications

- Changes to the tenancy are arranged by the RSM, demonstrating good segregation of duties
- The procedures around under-occupancies are clearly documented and sufficiently detailed. The section in the procedures also outlines the key legislative requirements - eg notices seeking possession must be served no earlier than six months and no later than 12 months following the death of the tenant. Both under-occupancy cases we were able to test complied with this requirement
- There is an appropriate process in place to refer cases of possible succession fraud to the Special Investigations Team
- We reviewed a sample of five cases referred to the Special Investigations Team since January 2020 and are satisfied that each was appropriately investigated, with feedback provided to the RSO/RSM.

**Key Findings:**

- We tested a sample of 15 approved successions since January 2020. For 14/15 cases we are satisfied the successions were legitimate, based on the evidence provided to confirm eligibility, such as proof of identification and relationship. For one case, however, there was insufficient proof of eligibility as there was no proof of relationship between the successor and the previous tenant on record. The service are investigating this case.
- Documentation was missing across 12/15 samples, including application forms, joint tenancy agreements and letters of confirmation, while for two cases there was no evidence of the decision being approved. As per above, for all but one case we are satisfied the key eligibility criteria was met, however record keeping should be improved to fully demonstrate tenancies were succeeded to eligible individuals and to demonstrate full compliance with procedures.
- We also tested five rejected applications since January 2020. Of the five tested, the documentation we requested was not held on file for one case.
- For two of the four rejected applications we were able to test, the RSO did not issue a confirmation letter in a timely manner - one was issued 18 working days after the decision was approved by the RSM and one was issued 28 working days after approval. We established there are currently no set timeframes for issuing correspondence.
- The current succession procedures were last reviewed in 2016 and we found some minor differences between these and current practice. A new policy and procedures document has been created, with the draft version dated April 2021. The procedures are expected to be signed off for use from April 2022.
- As per procedures, RSOs should check to see if the property has been succeeded before. However, during our testing of successful applications we found this check is not formally recorded.
- During our testing we established there are notices of seeking possession which are not indexed on the system.

**Conclusion:**

We conclude the Council has generally well-designed controls in place with regards to its succession case management, although there are opportunities to further strengthen the arrangements. Controls are mostly operating to reduce the level of risk, however record keeping should be improved to demonstrate full compliance with procedures. We found there are appropriate procedures in place which reflect the eligibility requirements outlined by the Housing Act 1985. Management have appropriate oversight of succession cases, while there are suitable arrangements in place to manage under-occupancy and refer and escalate possible instances of succession fraud.

Our sample testing highlighted the need to improve record keeping as a range of documentation was missing - eg application forms, tenancy agreements and, in one case, sufficient proof of relationship. However, in all but one case the evidence we did receive covered the key eligibility criteria and so we have not found evidence that the Council is letting properties to ineligible successors.

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

Design	<ul style="list-style-type: none"> <li>• Finalise new procedures to ensure RSOs are referring to documents that reflect current practice</li> <li>• Ensure all eligibility checks are recorded</li> <li>• Define timeframes for issuing correspondence</li> </ul>
Effectiveness	<ul style="list-style-type: none"> <li>• Improve record keeping to fully demonstrate compliance with procedures</li> <li>• Ensure all notices are logged on the system</li> </ul>

KFC09 <b>Housing Benefits</b> March 2022		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Moderate	Moderate	Medium	1
				Low	2
<b>Purpose of audit:</b>	To provide assurance on the continuing adequacy of the design and operational effectiveness of internal controls, processes, and records in place to mitigate the identified risks relating to housing benefit and universal credit.	<b>Added value:</b>	<p>During our review we performed aged debt analysis on the overpayments and found that the Council has sufficient controls in place such as aged bucket listing which is generated by the Northgate system and regularly reviewed monthly.</p> <p>In relation to the claimant records we confirmed that all details including name, address, National Insurance number and date of birth have been recorded. The testing has not identified any missing records of information.</p> <p>We tested to see if the Council have made multiple housing benefit payments in error and had initially identified various overlaps in housing benefit payments. The Exchequer Team were able to provide the Creditors Payment Report for each sample which confirmed that there were no multiple payments.</p> <p>In addition, we reviewed the bank details of claimants through latest data file provided by the Senior Systems &amp; Development Officer. The testing did not identify identical bank details for any applicants.</p>		
<p><b>Background:</b></p> <p>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 Housing Benefit and Local Council Tax Support is a key financial system, through which significant sums of public funds are processed. The approximate figures for 2021/22 are:</p> <ul style="list-style-type: none"> <li>- Housing benefit subsidy - £140m arising from 19,100 claims</li> <li>- Council tax reduction support - approximately 26,000 claims.</li> </ul> <p>The migration process from local government to DWP continues. The Council was one of the first local authorities to go live with Universal Credit implementation in November 2016 and since then, the Council's Housing Benefit caseload has decreased by nearly 40%. The requirement of checking</p>					

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supporting documentation has continued.

As a result of the pandemic, the DWP introduced a 'trust and protect' policy to allow for the processing of housing benefits claims quickly without face-to-face contact with an emphasis on trusting the customer when assessing documentation to ensure payments were made as soon as possible. There has been a particular increase in housing benefits paid towards temporary accommodation, which require quick turnaround to support the most vulnerable applicants. Recovery action on overpayments has been paused since April 2020. Since April 2021, chaser letters are being issued to clients, but follow up recovery action has been limited.

**Good Practice:**

- The Council has a Council Tax Reduction Scheme Policy in place, updated in March 2021, which provides guidance on the treatment of housing benefit claims, including the assessment process and calculations. The Policy is supported by the Minimum Evidence Requirements Policy which explains the minimum acceptable evidence required per the claim type. The evidence requirements have been relaxed due to the impacts of Covid19; hence the Council has generated the Covid-19 Reduced Evidence Guidance to reflect the changes in requirements.
- The current parameters within the Northgate system have been updated correctly in line with the latest DWP guidance. We inspected screenshots of the live test and recompilation of the system which was undertaken following the update of the system parameters and reviewed to ensure it was correct.
- From a review of the 15 housing benefits applications received since April 2021 we confirmed that the application details provided reconciled to information recorded on the Northgate system. We confirm that for all samples, sufficient documentation had been retained and used to assess the applications, in line with the Covid-19 Reduced Evidence Guidance.
- For a sample of 10 changes in circumstances to housing benefit claims, we confirmed there were appropriate verification processes in place, and evidence was retained to confirm the validity of the information provided by claimants for Housing Benefit purposes.
- There were sufficient processes to ensure any changes of a claimant's payment details were only made by staff with the appropriate authorisation. Pre-determined access had been provided to staff members who are able to make amendments to bank details, supporting documentation had been retained and verified to complete the amendment. We confirm in all instances, there was sufficient documentation in place to support the change and the amendment had been processed correctly on the Northgate system.
- Housing benefits claims were cancelled, reassessed, and updated on the Northgate system appropriately for a sample of 10 claims, where individuals had been set up by Department for Work and Pensions (DWP) to receive universal credit payment.
- For manual adjustments relating to over/under payments of housing benefits, a proforma was completed by the requesting officer and approved prior to being actioned on Northgate. From our review of 10 manual adjustments, in all cases supporting documentation was retained on info@work and the adjustments were recorded on a spreadsheet by the Team Leader for monitoring purposes.

**Key Findings:**

- We reviewed a sample of users with access to the Northgate system to ensure the level of access provided is appropriate to their role. However, the testing identified one user, who had access to manually adjust housing benefits claims, was incorrectly set-up as a 'Pupil Tracking and Licensing



Manager’ where it should have been ‘Benefits Officer’.

- We reviewed a sample of 10 write-offs to ensure that the reason for the write off had been documented, a proforma was completed and authorised as per the Council’s Write off Policy. The testing identified that a debt of £7585.31 had not been written-off in line with the scheme of management. Management advised that all debts above £5,000 should be checked by the Team Leader, reviewed by the Operations Manager, and then reported as part of the Individual Decision Making report for sign off by the Lead Member. The Operations Manager has overall responsibility of writing-off transactions over £5,000. However, in this instance, the debt was erroneously written off along with the under £5,000 batch.
- We reviewed the August, September and October monthly reconciliations between the AIM, SAP, and Northgate systems to ensure that they were completed in a timely manner, variances were investigated, and segregation of duties were maintained. Our testing identified that the reconciliation files were not signed or dated when performed.

**Conclusion:**

The overall control framework is well designed to address the risks to the Council considered in our audit, however we have identified exceptions. Through sample-based testing we reviewed users that have access to the Northgate system and identified that level of access is provided to a new starter by looking at the current level of access a staff member of the same role has. Hence, we have provided moderate assurance opinion on control design. We identified issues in the operational effectiveness of controls in place, which included an instance where a debt written-off was processed without appropriate authorisation. The Council conducts daily and monthly reconciliations which are monitored through a spreadsheet completed by the Senior Systems & Development Officer. We found that monthly reconciliations are not signed and dated to achieve consistency in record keeping. We have therefore provided moderate assurance for operational effectiveness of controls.

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

Design	<ul style="list-style-type: none"> <li>• Conduct monthly spot checks to confirm that a selection of new users’ set-up has been provided appropriate level of access on the Northgate system.</li> </ul>
Effectiveness	<ul style="list-style-type: none"> <li>• To correct the details of the user that had been incorrectly set-up which will ensure that the level of access provided corresponds to their role.</li> <li>• Regularly monitor the write-off of debts recorded on the spreadsheet, ensuring that the debts above the £5000 threshold are subject to appropriate approval in line with the corporate write-off policy</li> <li>• The staff member performing and reviewing the reconciliations should sign and date the reconciliation files so segregation of duties is evidenced.</li> </ul>

CAS12 Continuing Healthcare March 2022		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Moderate	Moderate	Medium	3
				Low	-
<b>Purpose of audit:</b>	<p>To provide assurance that the Council’s adult support governance arrangements align with its responsibilities under the national framework for NHS continuing healthcare (CHC) and NHS funded Nursing Care (FNC).</p> <p>We also analysed whether the Council has worked collaboratively with the CCGs when reviewing applications and related processes, verifying that robust quality and monitoring mechanisms were in place. Our review included an evaluation on performance management, risk escalation, quality, and monitoring mechanisms.</p> <p>In addition, we reviewed the framework that supports relationship management and collaboration between the Council and CCGs</p>				
<b>Background:</b>	<p>NHS Continuing Healthcare (CHC) is a package of care for people who are assessed as having a 'primary health need' to be funded by the NHS. There are two parts to the funding:</p> <ul style="list-style-type: none"> <li>• If people receive care in their own home, the NHS covers the cost of care and support, which includes personal care such as help with washing and getting dressed.</li> <li>• If people receive NHS CHC in a care home, the NHS pays for the person’s care home fees.</li> </ul> <p>NHS CHC funding is available to adults living in England who have particularly intense, complex, or unpredictable care needs. The total number of people across the UK eligible for NHS CHC was 46,973 as at the last day of Q1 2020/21. Of these, 31,831 were eligible for Standard NHS CHC and 15,142 were eligible for Fast Track NHS CHC. NHS FNC is when the NHS pays for the nursing care component of nursing home fees. The NHS pays a flat rate directly to the care home towards the cost of this nursing care. The total number of people eligible for NHS-funded Nursing Care was 65,912 as at the last day of Q1 2020/21.</p> <p>The Care Act 2014 states the core purpose of adult care and support is to help people to achieve the outcomes that matter to them in their life. Local authorities must promote wellbeing when carrying out any of their care and support functions in respect of a person. The TMI Team Leader advised that there have been several 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 because of the evolving nature of the self-financing TMO model.</p> <p>This includes its responsibilities under the national framework for NHS CHC and NHS-funded Nursing Care, ensuring that the Council works</p>				

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collaboratively with CCGs when reviewing processes and applications.

Nationally there is significant variation between councils in both the number and proportion of people assessed as eligible for CHC and FNC, with increasing costs on assessments and screening. We have been informed that the Council has a high number of CHC applications rejected, especially those relating to learning disabilities. Additionally certain demographics of individuals from poor and ethnic backgrounds are not adequately reflected in the number of applicants obtaining CHC support.

The Adult Social Care team provides support to members of the public with accessing and applying for services such as CHC and FNC. Applicants must be entitled to these levels of support under the law, the Team will evaluate each case based on these criteria. They will then collaborate with CCGs and relevant panels to submit and escalate suitable applications

**Good Practice:**

- Defined governance processes are in place to support CHC and FNC applications which fully align to the national NHS framework.
- Consistent engagement forums are in place between the Council and the CCG to discuss CHC applications and dispute appeals.
- We reviewed the levels of oversight and healthcare knowledge available to support the CHC application processes and understanding the multiple types of health conditions related to requests. Service Managers are in place with key knowledge of their applicant's specified case needs and can provide appropriate context to the Healthcare Panel and CCG.

**Key Findings:**

- There were nine fire safety actions from the most recent fire risk assessments across the six blocks we tested that had not been completed. Of these actions, seven were medium priority (two are low priority) and implementation targets dated back to August 2020.
- The Council's record of CHC and FNC applications does not consistently retain a final decision rationale, line manager Decision Support Tool (DST) approval or key milestone dates within the process.
- Defined monitoring mechanisms are not in place to verify that the CHC and FNC application lifecycle aligns to the prescribed processing timelines within the Council's official policy
- The CCG does not consistently share Healthcare panel minutes with the Council and circulate the CHC applications scheduled in advance of joint meetings.
- The Council does not systematically perform periodic quality assurance checks on negative checklists, DSTs, and Healthcare Panel decisions.
- The Council does not have an official local CHC Dispute resolution policy in place.
- The length of time case disputes remain open and progress updates are not reviewed systematically to ensure they are completed within specified timescales. As also stated above, there is inconsistency regarding milestone date records such as the commencement of a disputed case prevents us from quantifying the average time of delays.

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**Conclusion:**

We have therefore 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 Continuing Healthcare procedures.

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

Design	<ul style="list-style-type: none"><li>• Implement processes to ensure that the information relating to each application is consistently documented and recorded on the Council’s CHC and FNC application files and incorporate documented quality assurance mechanisms into the CHC and FNC guidance</li><li>• Incorporate protocols to monitor application timelines and update the official CHC policy to explicitly state these.</li><li>• Liaise with the CCG to discuss how to improve collaboration and develop an official ToR for the monthly Dispute Summit.</li><li>• periodically offer training for new staff and those who require a refresher on the CHC/FNC application process</li><li>• Share recurring trends and lessons learned related to difficulties experienced by individuals from disadvantaged backgrounds with the CCG to enhance their applicant support resources.</li></ul>
Effectiveness	<ul style="list-style-type: none"><li>• Ensure that open disputes are reviewed systematically to ensure they are completed within specified timescales</li><li>• Ensure that the date a dispute is raised along with dates of case updates are consistently recorded in the Council’s records</li><li>• Ensure that the Council webpage is up to date with current guidance. It should also contain links to the NHS guidance on appeals and links to relevant advocacy services.</li></ul>

CAS34 <b>Contract Management: Mobilisation</b> February 2022		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Moderate	Moderate	Medium	4
				Low	-
<b>Purpose of audit:</b>	<p>To provide assurance over the adequacy of the design and operational effectiveness of the mobilisation process regarding contract management for contracts within Children’s and Adults’ Services (CAS).</p> <p>This included whether an effective transition process from the contract award stage to business as usual was in place. To complete this review, our testing focused on the Care at Home, Ageing Well, 16+ Accommodation and Adults Advocacy contracts.</p> <p>We also considered if the recently published contract management handbook and, where necessary, operational procedures incorporate lessons learned from previous mobilisation.</p>				
<b>Background:</b>	<p>The Care Act 2014 made local authorities responsible for the provision of effective wellbeing services across all areas of the Council. The legislation requires the provision of advice, market shaping and commissioning of adult care and support. The Council must assess the needs of its local population for care and support services, determining those services that need to be arranged, then designing, delivering, monitoring, and evaluating those services to ensure appropriate outcomes are achieved.</p> <p>The Council’s commissioning of care and support services involves acquiring services through third party resources, which can often include the process of putting a service out to tender. The Procurement Team can use alternative ways to engage and pay organisations for the work they do, like through grants and agreements for the organisation to do certain types of work or provide a certain type of service.</p> <p>Effective contract management becomes pivotal in helping the Council achieve value for money and manage its cost saving targets. As well as financial benefits, good contract management can also strengthen working relationships with key suppliers, bring improvements in the quantity and / or quality of services, help avoid service failure and encourage better management of risk.</p> <p>Mobilisation refers to the stage of contract management carried out after the Council has selected their supplier, at the transition from the procurement stage to the commencement of services. This is an essential part of contract management to ensure that the planned benefits and outputs required translate to the expected business as usual operations. We were informed that the current process requires review as there are lessons to be learnt from previous contract mobilisations which will be critical to understand due to the number of large procurements and re-procurements currently in train. Since March 2020, several contracts have had delays in both mobilisation and the delivery of expected outputs due to the impact of Covid. Key defined governance steps within the mobilisation process need to be in place and communicated to stakeholders. The Care at Home, Ageing Well, 16+</p>				

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Accommodation and Adults Advocacy have been cited as four commissioned projects which were impacted by issues at the mobilisation phase.

The Corporate Procurement Team offer strategic support in an advisory capacity to Council services and key stakeholders who are commissioning the services, as part of a transparent governance framework.

**Good Practice:**

- The Council's Children's and Adults' Services (CAS) has policies and procedures in place which promote effective management of procurement and contract management activities, these are documented in the Commissioning Handbook.
- CAS has dedicated boards and forums across each of its projects which discuss implementation and mobilisation specifically.

**Key Findings:**

- While there are overall effective procurement policies and procedures in place, there are no documented governance protocols underpinning the processes related specifically to the mobilisation stage.
- There is no defined or documented decision tree or workflow illustrating the mobilisation procedures or related responsibilities that should be followed in various scenarios.
- There is not a standardised set of mobilisation monitoring requirements across each project.
- There is not a defined list of key stakeholders or senior managers who should be included in the mobilisation stage to approve changes or assist with decision making.
- There is an inconsistency in the level of engagement between external and internal stakeholders during the mobilisation phase.
- Standardised change control and contract variation documentation was not used within the mobilisation stage of the Adult Advocacy contract.
- Key Performance Indicators focused on the mobilisation stage are not utilised to ensure the process remains on schedule or progresses in an effective manner.

**Conclusion:**

We have therefore 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 CAS contract management mobilisation process.

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

Design	<ul style="list-style-type: none"><li>• Implement processes to ensure that the information relating to each application is consistently documented and recorded on the Council's CHC and FNC application files and incorporate documented quality assurance mechanisms into the CHC and FNC guidance</li><li>• Incorporate protocols to monitor application timelines and update the official CHC policy to explicitly state these.</li><li>• Liaise with the CCG to discuss how to improve collaboration and develop an official ToR for the monthly Dispute Summit.</li><li>• periodically offer training for new staff and those who require a refresher on the CHC/FNC application process</li><li>• Share recurring trends and lessons learned related to difficulties experienced by individuals from disadvantaged backgrounds with the CCG to enhance their applicant support resources.</li></ul>
Effectiveness	<ul style="list-style-type: none"><li>• Ensure that open disputes are reviewed systematically to ensure they are completed within specified timescales</li><li>• Ensure that the date a dispute is raised along with dates of case updates are consistently recorded in the Council's records</li><li>• Ensure that the Council webpage is up to date with current guidance. It should also contain links to the NHS guidance on appeals and links to relevant advocacy services.</li></ul>

## 5. SUMMARY OF RECOMMENDATIONS STATUS

Of the 3417 high and medium recommendations relating to 2017-18 to 2021-22, that have fallen due as at the end of July 2022, we have confirmed with reference to evidence that 359 have been fully implemented or superseded, representing 86%. The chart shows the relative percentages for each of the four years.

The implementation rate for previous recommendations has fallen marginally from 87% to 86% 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.

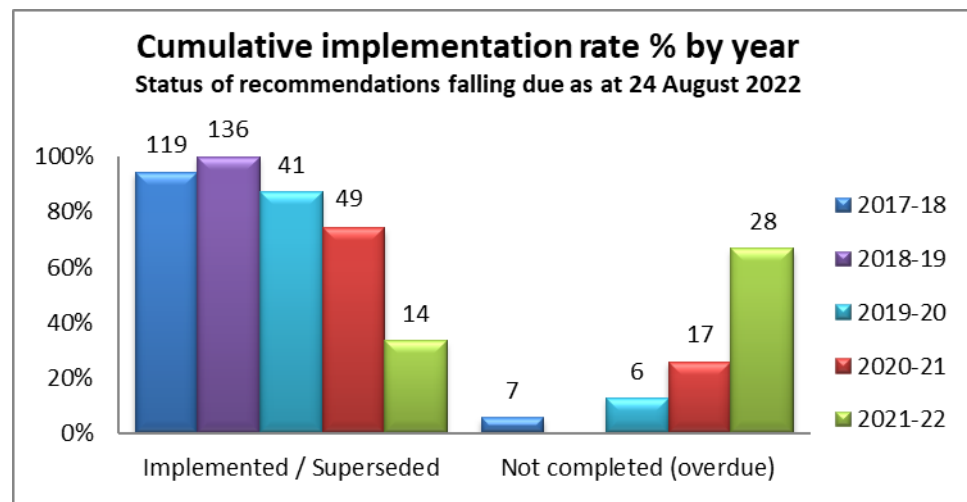
Several audits remain for which the required update was not provided by the date of reporting, which are indicated in our summary below. The implementation rate may be higher than 86%, however without management responses and supporting evidence, we cannot confirm this.

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.





## 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		
<b>Chief Executive's Department</b>									
2017-18 Land Charges	5	-	2	1	2	-	-	40%	<del>April 2019</del> <del>December 2019</del> Awaiting update
2019-20 S106 Agreements	3	-	-	-	3	-	-	0%	<del>January 2024</del> <del>December 2024</del> Awaiting evidence
2020-21 Community Infrastructure Levy	1	-	-	-	1	-	-	0%	<del>December 2020</del> Awaiting evidence
2021-22 Movement Policy and Plan	6	-	6	-	6	-	-	0%	<del>January 2022</del> April 2023
2022-23 Emergency Planning	2	-	-	-	2	-	-	0%	<del>February 2022</del> Awaiting evidence
<b>Children's and Adults Department</b>									
2020-21 Foster Carer Payments	3	-	1	-	1	-	-	33%	<del>December 2020</del> Awaiting update
2020-21 Payments to Children and Families	3	-	-	-	-	1	2	0%	<del>January 2024</del> Awaiting update
2020-21 Supported Living	3	1	1	-	1	-	-	66%	<del>September 2024</del> Awaiting evidence
2020-21 Travel Assistance	1	-	-	-	1	-	-	0%	<del>September 2024</del> <del>March 2022</del> September 2022
2021-22	3	-	-	-	3	-	-	0%	<del>March 2022</del>

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		
Youth Offending Team									September 2022
2021-22 Adoption Services	3	-	-	-	-	2	1	0%	January 2023
2022-23 Contract Management: Mobilisation	3	-	-	-	1	-	2	0%	<del>June 2022</del> October 2022
2022-23 All Age Disabilities	2	-	-	-	-	-	2	0%	<del>June 2022</del> Awaiting update
<b>Environment and Leisure Department</b>									
2020-21 Climate Change	4	-	-	-	4	-	-	0%	<del>November 2024</del> Awaiting evidence
2020-21 South Dock Marina	1	-	-	1	-	-	-	0%	<del>June 2022</del> November 2022
2021-22 Cooper Close TMO	3	-	1	-	2	-	-	33%	<del>April 2022</del> <del>July 2022</del> Awaiting update
2022-23 Leisure Services	1	0	0	0	0	0	1	0%	<del>July 2022</del> Awaiting update
2022-23 Highway Maintenance	1	0	0	0	0	0	1	0%	<del>May 2022</del> Awaiting update
<b>Finance and Governance Department</b>									
2019-20 Home Ownership - Garages	3	1	1	-	1	-	-	66%	<del>April 2020</del> January 2024 <del>November 2024</del> September 2022
2020-21	1	-	-	1	-	-	-	0%	<del>March 2021</del>

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		
Records Management									November 2024 June 2022 Awaiting update
<b>Housing and Modernisation Department</b>									
2017-18 IT - Network Security	8	1	3	1	3	-	-	50%	December 2017 October 2018 June 2019 September 2020 April 2021 October 2021 March 2022 September 2022 December 2022
2019-20 Materials	3	-	1	-	2	-	-	33%	June 2020 April 2021 June 2021 October 2021 January 2022 February 2022 June 2022 November 2022
2020-21 Software Asset Management	4	-	2	-	2	-	-	50%	March 2022 September 2022 December 2022
2020-21 Housing Application and Allocations	2	-	1	-	1	-	-	50%	September 2021 February 2022 August 2022 November 2022

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		
2021-22 Hornbill STS Service desk review	2	-	1	-	1	-	-	50%	<del>January 2022</del> October 2022
2021-22 Health and Safety	3	-	2	-	1	-	-	66%	<del>April 2022</del> <del>July 2022</del> September 2022
2021-22 Data Protection Compliance	4	-	2	-	2	-	-	50%	<del>January 2022</del> September 2022
2021-22 Major Works	3	1	1	1	-	-	-	66%	<del>June 2022</del> <del>July 2022</del> March 2023
2021-22 Housing Tenancy Management	2	-	2	-	-	-	-	100%	<del>April 2022</del> Complete
2022-23 Disaster Recovery	4	2	2	2	2	-	-	0%	<del>June 2022</del> December 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
<b>Environment and Leisure Department</b>		
<b>2020-21 - Climate Change</b>		
<p>Management can ensure that effective governance are in place through the following actions:</p> <p>(i) Ensure that terms of reference are written for all steering groups including the role and responsibilities of the group and officers. The ToR should be formally approved, dated, and reviewed annually.</p> <p>(ii) Co-opt BAME representative onto the oversight steering group.</p> <p>(iii) Ensure that permanent representatives are available from Finance, Children's, and Adult's Services (where director level is unable to attend an appropriate substitute should).</p> <p>(iv) Produce a climate change risk register identifying the risks that will prevent the plan being achieved, mitigating actions, assigning ownership, and monitoring their effectiveness in managing the risks to acceptable levels.</p> <p>(v) Agreed actions in the steering group meetings should be added to the action log and completion dates provided. The action log should be reviewed at each meeting. Minutes should be available at all meetings and a record maintained of those that attend.</p> <p><b>Medium</b></p>	<p>Climate Change Director November 2021</p>	<p>We were advised by the Climate Change Director that:</p> <p>(i) The terms of reference is in place for the officer and directors group steering meetings and these will be reviewed annually.</p> <p>(ii) BAME representative will be co-opted on to the oversight steering group</p> <p>(iii) Directors (and their deputies) from both services are included on the directors steering group</p> <p>(iv) A programme risk register will be developed and reviewed quarterly at the directors steering group meetings</p> <p>(v) An actions log will be implemented at the directors steering group meeting and minutes are already taken at these meetings</p> <p>Evidence pending</p>
<p>(i) Management should review and improve the community engagement particularly with a view to</p>	<p>Climate Change Director September 2021</p>	<p>We were advised by the Climate Change Director that:</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>increasing the response from Black and Asian groups to be more representative.</p> <p>There are several options open to the Council to improve in this area such as by:</p> <ul style="list-style-type: none"> <li>▫ Selecting a BAME engagement company to provide the service (this would support the Council in their current and future projects / programmes also)</li> <li>▫ Approaching faith groups in the borough who have a large group of BAME members to complete questionnaires and/or to take part in interviews</li> <li>▫ Advertise in the local BAME press for example The Voice Newspaper.</li> </ul> <p>(ii) Implement a communications plan for climate change, to be used as the basis for getting the various stakeholders involved in the plan. This will include local businesses, neighbouring authorities, and residents.</p> <p>(iii) The Council should, if necessary, extend the timescales for engaging with community groups over Climate Change, using the Equity Framework Plan to ensure a greater level of engagement.</p> <p><b>Medium</b></p>		<p>A communications and engagement strategy is being developed which will include communications and engagement with the respective target audiences. This strategy has clear timelines and will be delivered in a phased approach.</p> <p>Evidence pending</p>
<p>(i) A sixth monthly report on Climate Change should be introduced.</p> <p>(ii) The Annual Report should be scheduled and included on the Forward Plan for Cabinet.</p> <p><b>Medium</b></p>	<p>Climate Change Director <del>April 2022</del> July 2022</p>	<p>We were advised by the Climate Change Director that:</p> <p>(i) The website will be the platform for providing a ‘live’ status update on progress of the delivery climate change strategy as well as providing up to date policy information</p> <p>(ii) This is on the forward plan for a July 2022 decision</p> <p>Evidence pending</p>
<b>2021-22 - South Dock Marina</b>		
<p>Both the Council and Marina should work together to agree a solution towards paperless working. Whilst we also recognise that the Marina does not have immediate capacity to deploy resources to scan all</p>	<p>Harbour Master <del>June 2022</del> November 2022</p>	<p>We were advised by the Harbour Master that the intention is to use the Harbour Assist program that will produce electronic versions of all forms used and this will be saved within the customer file. The paper documents relating to customers will be scanned on to the relevant file.</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>documentation, this is something that the Marina and Council should consider over the medium-long term to ensure all paper documentation has been scanned to either the Havenstar system (pending relevant modules and system upgrades) or the Marina's shared drive.</p> <p><b>Medium</b></p>		<p>The intention currently is to have this operational in Q3. A new Harbour Master starts on the 9 May 2022 and will be key in implementing the new systems</p> <p>Evidence pending</p>
<b>2021-22 - Cooper Close TMO</b>		
<p>With reference to the finance and procurement rules, the TMO should review current suppliers and consider whether each continues to provide value for money. Alternative quotes should be obtained in line with the procurement procedures unless a long-term contract is in place.</p> <p><b>Medium</b></p>	<p>Treasurer <del>January 2022</del> TBC</p>	<p>We were advised by the Estate Manager that the procurement policy needs to be updated. There is currently discussions being held with Committee about the policies which require updating.</p> <p>They have also requested a template of a waiver letter from Southwark.</p>
<p>The TMO should review the Management Committee terms of reference annually to ensure they are up to date.</p> <p><b>Medium</b></p>	<p>Chair <del>April 2022</del> <del>July 2022</del> TBC</p>	<p>We were advised by the Estate Manager that the Committee has agreed for virtual meetings to be included in the Terms of Reference. This is currently being redrafted with a target of completion in June or July 2022.</p>
<b>Finance and Governance Department</b>		
<b>2019-20 - Home Ownership - Garages</b>		
<p>b) Waiting lists should be moved onto iWorld to centralise the waiting list procedure. This would minimise the risk of the waiting list being manipulated and would increase the transparency in the awarding of garages. Changes made would be reflected in an audit trail and will be identified if unauthorised. This will also ensure that priority of application as recorded in the Garage Lettings and Voids procedure</p> <p><b>Medium</b></p>	<p>Operations Manager <del>November 2021</del> September 2022</p>	<p>We were advised by the Operations Manager that a meeting with the iWorld consultant will take place on 6 May 2022, following this there should be an agreed timeline. Subject to the availability of the iWorld team, the completion of this recommendation should be before September 2022.</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<b>2020-21 - Records Management</b>		
<p>b) A central inventory record should be maintained and reviewed annually.</p> <p>c) Mapping of all information held needs to be completed. Management should develop and draft a more detailed plan and timescale for cleansing and mapping existing information. Following this, we recommend that the achievement of the actions recorded is regularly reviewed, as part of team meetings within Corporate Services, to ensure they stay on track and remain relevant. Once a complete map of information is developed and relevant cleansing and migration has taken place, these should be reported to the SMT.</p> <p>f) Management should develop a mandatory eLearning module relating to record management which should be completed annually by all staff to ensure they acknowledge and understand their responsibilities relating to record management and a formal record of this be kept.</p> <p><b>High</b></p>	<p>Information Governance Manager</p> <p><del>31 March 2021</del></p> <p>June 2021</p> <p><del>October 2021</del></p> <p>June 2022</p> <p>TBC</p>	<p>We were advised by the Information Governance Manager that:</p> <p>b) The escalation process needs to be followed up the IG Manager, this is estimated to be completed by the end of June 2022.</p> <p>c) No updates since the previous update.</p> <p>f) It was not possible to resource the task of developing additional e-learning modules, estimated completed is by the end of June 2022.</p>
<p>a) Management should conduct a thorough exercise covering all systems, locations, and business areas in order to fully record the types of data being created and retained and to ensure all the Council's information assets were identified, with appropriate and specific information added to the asset registers.</p> <p>b) A central inventory record should be maintained and reviewed annually.</p> <p>c) Mapping of all information held needs to be completed. Management should develop and draft a more detailed plan and timescale for cleansing and mapping existing information. Following this, we recommend that the achievement of the actions recorded is regularly reviewed, as part of team</p>	<p>Information Governance Manager</p> <p><del>31 March 2021</del></p> <p>June 2021</p> <p><del>October 2021</del></p> <p>June 2022</p> <p>TBC</p>	<p>We were informed by the Information Governance Manager that:</p> <p>a) IG&amp;SG has been reformed; first meeting held in May 2022. There are regular meetings scheduled to align with CGP timetable, to enable recommendations and ratifications to be actioned.</p> <p>b) The escalation needs to be followed up by IG manager, this is estimated to be updated in June 2022.</p> <p>c)The council does not currently have the resources to conduct this exercise, currently undertaking a migration to Outlook 365.</p> <p>f) The council accepts that additional e-learning modules would be very beneficial to all staff and will consider developing this in the financial year 2021/22, due to current pressures on resourcing levels.</p>



Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>meetings within Corporate Services, to ensure they stay on track and remain relevant. Once a complete map of information is developed and relevant cleansing and migration has taken place, these should be reported to the SMT.</p> <p>d) Management should review the process in place for ensuring that registers are completed and consider the introduction of an information request on a regular basis, for example monthly, to identify all departments that have not completed registers. The process should also outline specific action to be taken where staff are persistently not completing registers in a timely manner.</p> <p>e) Management should ensure that the policy and retention schedule is appropriately communicated to all the asset owners through staff bulletins or other communication channels.</p> <p>f) Management should develop a mandatory eLearning module relating to record management which should be completed annually by all staff to ensure they acknowledge and understand their responsibilities relating to record management and a formal record of this be kept.</p> <p><b>High</b></p>		
<b>Chief Executives Department</b>		
<b>2021-22 Movement Policy and Plan</b>		
<p>The Equity Framework should be issued to Cabinet as soon as possible for further review and approval.</p> <p><b>Medium</b></p>	<p>Head of Highways April 2023</p>	<p>We were advised by the Head of Highways that the Equity Framework has been updated to a certain point but was put on hold in March 2022 to update the data and review the indicators.</p> <p>The Equity Framework will be incorporated in the overall Refresh process for the Movement Plan. This will be included in the Cabinet report, pril 2023.</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>The Council should review and improve the community engagement particularly with a view to increasing the response from Black and Asian groups to be more representative.</p> <p>There are several options open to the Council to improve in this area such as:</p> <p>(i) selecting a BAME engagement company to provide the service (this would support the Council in their current and future projects/ programmes also)</p> <p>(ii) approaching faith groups in the borough who have a large group of BAME members to complete questionnaires and/or to take part in interviews</p> <p>(iii) Advertise in the local BAME press for example The Voice Newspaper.</p> <p><b>Medium</b></p>	<p>Head of Highways November 2022</p>	<p>We were advised by the Head of Highways that the public consultation for the Movement Plan Refresh will be in conjunction with and supported by the Community Engagement team.</p> <p>We will be using our experience gained through the Streetspace programme to better reach these groups</p> <p>Engagement process with Black, Asian, and Minority Ethnic groups, faith groups and others that can be under-represented during such engagement to be carried out in conjunction with Council Delivery Plan objectives for engagement.</p>
<p>The Project Board should agree implementation dates for actions agreed and document these in the project board minutes via an action log. Actions should be followed up at subsequent meetings to confirm completion or discuss and record reasons for delays and new implementation dates.</p> <p><b>Medium</b></p>		<p>We were advised by the Head of Highways that development and refresh of the Movement Plan transferred to Highways in May 2022. There is no formal Project Board, with governance of the Movement Plan comprising leadership by Policy &amp; Programme Manager supported by Head of Service.</p>
<p>A sixth monthly overall reporting of the Movement Plan should be introduced.</p> <p>The Annual Report should be scheduled and included on the Forward Plan for Cabinet.</p> <p><b>Medium</b></p>	<p>Head of Highways Jan 2023 and April 2023</p>	<p>We were advised by the Head of Highways that annual monitoring report taken to Cabinet on 1 February 2022.</p> <p>Subsequent reporting to Cabinet Member for Parks, Streets and Clean Air, and Strategic Director in August 2022.</p> <p>Further reports expected following consultation in January / February 2023, with full Cabinet report to follow in April/May 2023 with Delivery Plan.</p> <p>The six-monthly reporting to be considered following full refresh of Movement Plan.</p> <p>Interim cabinet report will be around Jan / Feb 2023. The final revised Movement Plan to Cabinet in April/May 2023</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>A high-level risk of the Movement Plan implementation should be entered on to the Corporate Risk Register. Management need to identify, assess, mitigate, and review the risk(s) that may prevent the implementation of the Movement Plan</p> <p>Risk owners should be identified for the Highways programme risk register.</p> <p>Management should clearly identify the mitigations for the Highway risks that have been implemented.</p> <p>Where mitigations have been implemented for Highways to reduce the risks, the current risk scoring should be reported / produced if applicable.</p> <p><b>Medium</b></p>	<p>Highways Programme and Policy Manager January 2023</p>	<p>The Movement Plan Refresh will have an action plan for implementation, which will be reviewed with respect to risk and added to divisional risk register.</p> <p>Risks will include risks owners and mitigation.</p> <p>Work to commence, January 2023 with final risks added to register when complete - after Movement Plan approval.</p>
<p>The transport policies should be updated and prioritised to align with the Movement Plan.</p> <p><b>Medium</b></p>	<p>Highways Programme and Policy Manager January 2023</p>	<p>The model for the Movement Plan has been revised to create a framework document that incorporates the policies of other specialist sections, looking to weave them into transport delivery.</p> <p>In this way, the team behind the Movement Plan will not seek to change published policy elsewhere but will align itself as far as possible and if necessary, slightly reframe delivery to make that policy more realistic, achievable, and measurable in the Highways context.</p> <p>In future, the team will look to the consultation processes for other policies to allow better alignment between published policy and making it deliverable.</p> <p>Ongoing, timescales will be relevant to the appropriate policy (Climate Change, Air Quality, EV charging, Parking, Cycle Strategy, Kerbside Management etc)</p>
<b>Housing and Modernisation Department</b>		
<b>2018-19 - IT Network Security</b>		
<p>All devices that are running unsupported operating systems should be upgraded to operating systems that are supported by the developer. Where it is not</p>	<p>Enterprise Architect - IT Shared Services <del>July 2017</del></p>	<p>We were advised by the Enterprise Architect that Windows 7 has been reduced to under 30 systems. There is a project that will investigate legacy server operating systems including windows 2012. A discovery</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>possible to upgrade the operating system of a device, it must be isolated from the Council's IT network and appropriate security controls should be implemented.</p> <p><b>High</b></p>	<p><del>June 2019</del>  <del>September 2020</del>  <del>April 2021</del>  <del>October 2021</del>  <del>March 2022</del>  September 2022</p>	<p>business case has been completed and awarded to a supplier to complete by end of October 2022</p> <p>The current contract end date for the DC is September 2022, by this time all servers will be migrated to Azure.</p>
<p>Management should establish a complete record of the Council's firewall rules, which includes but is not limited to:</p> <ul style="list-style-type: none"> <li>• The service that the firewall rule supports, including the owner of the service</li> <li>• Whether the rule allows for inbound, outbound or both connections</li> <li>• The expected levels of traffic for the rule.</li> </ul> <p>Furthermore, a full review of the Council's internal and external firewall rules should be performed and, where necessary, insecure, or redundant rules should be removed.</p> <p><b>Medium</b></p>	<p>Enterprise Architect - IT Shared Services</p> <p><del>July 2017</del>  <del>June 2019</del>  <del>September 2020</del>  <del>April 2021</del>  <del>October 2021</del>  <del>March 2022</del>  September 2022</p>	<p>We were advised by the Enterprise Architect that the DC migration is scheduled to be completed 30 September. This has mitigated a lot of the risks, however, not all.</p> <p>The new firewalls are being procured and the firewall rules will be reviewed again during the migration. This is expected to be completed by the end of Dec 2022 however, funds need to be approved and assigned. A business case has been completed.</p>
<p>Network activity should be baselined and proactively monitored to identify unusual or suspicious activity. This monitoring should include, but not be limited to:</p> <ul style="list-style-type: none"> <li>• A record of the balance of network activity and external traffic</li> <li>• A record of all open and closed ports and where these have been changed</li> <li>• A record of standard network activity for any given time, which includes known peaks.</li> </ul> <p>Furthermore, management should establish a programme to review the efficacy of the network security controls that have been deployed.</p> <p><b>Medium</b></p>	<p>Enterprise Architect - IT Shared Services.</p> <p><del>October 2017</del>  <del>May 2019</del>  <del>September 2020</del>  <del>September 2021</del>  <del>March 2022</del>  December 2022</p>	<p>We were advised by the Enterprise Architect that the import of the logs continues, the end date will be Dec 2022.</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<b>2019-20 Materials</b>		
<p>Where actions are raised in relation to social value, these should be included within the agreed actions and monitored by the Strategic Core Group.</p> <p>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.</p> <p><b>Medium</b></p>	<p>SBS Business Service Manager</p> <p><del>April 2021</del></p> <p><del>October 2021</del></p> <p><del>January 2022</del></p> <p><del>February 2022</del></p> <p><del>30 June 2022</del></p> <p>November 2022</p>	<p>We were advised by the SBS Business Service Manager that they have contacted Travis-Perkins and they have completed the action of recruitment. They have now tied up with Southwark the works relating to recruitment, but this still need to be finalised.</p> <p>Travis Perkins have had numerous internal recruitment changes which have caused this item to slow. Travis Perkins have gone out to recruit to the roles but were unsuccessful with any applicants.</p> <p>I am awaiting on Travis Perkins reply on their next steps, but they have been unsuccessful in carrying out this item. There is a contract review at DCRB on Tuesday (23/8/2022) where this will be discussed.</p>
<b>2020-21 Software Asset Management</b>		
<p>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:</p> <ul style="list-style-type: none"> <li>• The procedures for the management of different types of software, including standard software, non-standard software, and line of business software</li> <li>• The procedures for the management of software assets throughout their lifecycle, including procurement, configuration, deployment, redeployment, and decommissioning</li> <li>• The procedures for managing the software asset inventory, including software installation and registration and software removal</li> <li>• The arrangements for the transfer of licences when required</li> <li>• The roles and responsibilities of members of staff, including, but not being limited to, software misuse</li> </ul>	<p>Head of IT Applications</p> <p><del>March 2022</del></p> <p><del>June 2022</del></p> <p>December 2022</p>	<p>We were advised by the Head of IT Applications that a Technical Design Authority (TDA) is now in place and chaired by the Head of Architecture. Additionally, an IT project intake governance is also in place that picks any software solutions.</p> <p>An Audit has started with BDO for software and licencing from 17/08/22 across in-house and third-party vendor hosted/supported solutions.</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<ul style="list-style-type: none"> <li>• The requirement for software audits to be performed on a regular basis, including the use of any appropriate audit tools.</li> <li>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.</li> </ul> <p><b>Medium</b></p>		
<p>i)Management should carry out an exercise for collecting details and licensing information relating to the Council’s IT applications and update the Council’s application register as necessary. This should include:</p> <ul style="list-style-type: none"> <li>• Business owners assigned to the 53% of applications that do not currently have a business owner</li> <li>• Software version number and the date it was last upgraded</li> <li>• Licencing information, including license type, product keys, location of the installation CD and expiry date.</li> </ul> <p>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.</p> <p>Alternatively, management should perform a cost benefit analysis for commissioning an automated software asset management tool to assist with software management.</p> <p><b>Medium</b></p>	<p>Head of IT Applications  <del>June 2021</del>  <del>Sept 2022</del>  December 2022</p>	<p>We were advised by the Head of IT Applications that a corporate application register is maintained by the apps team for system they manage and reviewed periodically.</p>
<p><b>2021-22 Hornbill STS Service desk review</b></p>		

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>The STS should perform regular spot checks on the Hornbill data extracts to highlight instances of non-compliance with the agreed timelines and if required provide appropriate refresher training to the individuals who not following the process.</p> <p>The STS should review and update their current reporting structure and metrics to include the analysis of resolution of tickets against the SLA targets, to report the performance against the correct metrics and to eliminate the risk of under-reporting.</p> <p><b>Medium</b></p>	<p>Head of strategy and technology (shared technology service)</p> <p><del>31st January 2022</del> 31 October 2022</p>	<p>We were advised by the Head of strategy and technology that the service design team and service desk are refining the incident logging system further to ensure more meaningful data can be gathered. The service desk manager has started producing weekly reports (which need further work on where we will be analysing the demand.</p> <p>STS is reporting back to OMG and Joint management on the P1 to P4 categories</p> <p>A new team has been created as ‘user accesses to manage the starters leaver processes. The team will be in place by the end August subject to HR checks being cleared for at least one apprentice out of the two required.</p>
<b>2021-22 Health and Safety</b>		
<p>a) The Head of H&amp;S should liaise with COT to ensure that the draft Policy and Action plan are discussed, signed off and published at the earliest opportunity.</p> <p>b) The Head of H&amp;S should ensure that the updated corporate governance structure and particularly the existence of the central H&amp;S team, with related reporting mechanisms, is promoted to Council staff.</p> <p><b>Medium</b></p>	<p>a) Head of Health and safety/COT <del>January 2022</del> <del>June 2022</del> September 2022</p> <p>b) Head of Health and safety March 2022 <del>July 2022</del> September 2022</p>	<p>We were advised by the Head of Health and Safety that:</p> <p>a) An initial draft of the new Corporate Health and Safety policy and Action Plan was taken to COT for consultation on the 1st of February 2022. Revisions were requested. A new draft was taken to COT on 5 July 2022. The draft was approved by COT and will now be formalised after consultation. The final draft will be consulted on and formalised by September 2022.</p> <p>b) The policy on governance structure has not yet been formalised. However, the structure is in place and the Chief Executive has been chairing the Corporate Health and safety committee. In Addition, the head of Health and Safety has been providing direct reports to COT to provide oversight on key issues relating to H&amp;S. The Governance policy will be formalised and approved by September 2022.</p>
<b>2021-22 Data Protection Compliance</b>		
<p>a) A communication should be issued to all Service Areas Council-wide, reminding them of their obligations under the GDPR to provide the requested information within the defined timeframe.</p> <p>b) The Council should implement an automated response email to requester’s informing them their</p>	<p>Information Governance Manager</p> <p><del>December 2021</del> Completed</p>	<p>We were advised by the Information Governance Manager that:</p> <p>a) This has been assigned at the Corporate Governance Panel (CGP) in January 2022 as an action point 5 for Duncan Whitfield (DPO). Virginia Wynn-Jones was following this up.</p> <p>b) This information forms part of the acknowledgement email sent by officers when a new case is actioned. An automated response email</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>request is being dealt with and reminding them of the timeframe for an expected response.</p> <p>c) Management should investigate the reasons why some areas are not meeting response targets and take action to address these</p> <p><b>Medium</b></p>	<p><del>June 2022</del> September 2022</p>	<p>cannot be tailored to be this specific. New system was implemented in November 2021.</p> <p>c) The design of the reports for the new system have not all been finalised, so this is currently difficult to action. The IG manager is working with the system administrator to create meaningful reports to provide management level information. Expected deadline 30.06.22.</p>
<p>a) The CGP should take the lead on progressing this piece of work, with the Council's Corporate Information Governance Manager and Legal's specialist governance lawyer as the identified leads.</p> <p>b) A process and schedule should be discussed, agreed, and communicated to all relevant stakeholders, with status updates on progress issued on a regular basis. <b>Medium</b></p>	<p>Head of Law and Governance</p> <p><del>January 2022</del> <del>September 2022</del> December 2022</p>	<p>We were advised by the Head of Law and Governance that</p> <p>a) This has been discussed and agreed.</p> <p>b) This was considered by CGP in August 2022. Duncan Whitfield advised that he was the sponsor of this issue. CGP considered this issue previously and did not find a sufficient degree of risk to instigate any enhanced data classification. In the light of this new audit, CGP are going to review this issue again during the third quarter of 2022 and then receive a report making future recommendations at its October meeting.</p>
<b>2021-22 Major Works</b>		
<p>a) Data quality policy documents, standards and documented procedures should be in place to ensure the quality and consistency of the data input to the Apex database e.g., fire risk safety, major heating system servicing, security door entry and lift servicing, electrical safety, water tanks drainage, asbestos, and external decorations, FENSA installations etc.</p> <p>b) Documented data quality standards should include a central registry for performance monitoring reports, meeting minutes and actions to support the management of contractors prepared by the project managers, and other departmental officers within the investment team.</p> <p>c) A system report listing all the users of Apex, including access and permissions should be reviewed with immediate effect, to ensure users' access and privileges are appropriately aligned to current roles</p>	<p>Interim Head of Investment/ Building Safety Lead/Business Owner of Apex and Asset Manager</p> <p>Completed</p> <p><del>30 June 2022</del> <del>30 November</del> 31 March 2023</p>	<p>We were advised that:</p> <p>a) This has now been completed. Evidence pending</p> <p>b) The Apex Audit covers these areas in greater detail. It is expected that the report will be used to address the concerns from both the Apex and Major Works Audits. The actions and target dates to be reviewed once report received. New Target March 2023 (TBC based on Apex Audit report)</p> <p>c) This has been met in April 2022 as part of the Apex Audit. It will be included in the new Apex Housekeeping Procedure document that is being written as part of preparation tasks for a planned migration of the system to a new Cloud environment.</p>



Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>and responsibilities, and linked to starter and leaver procedures informed by HR/payroll.</p> <p><b>High</b></p>		
<b>2021-22 Disaster recovery</b>		
<p>1.1. The Council’s IT department, in collaboration with Council’s Emergency Planning and Resilience (EPR) department and STS should develop a Council-wide IT disaster recovery plan that is aligned to and support the Council’s priorities in executing recovery processes in response to a cyber security event or a disaster. The plan should aim to protect the Council’s IT infrastructure, promote recovery, and should include (but is not limited to) the following:</p> <ul style="list-style-type: none"> <li>- Procedures for invoking the Council’s IT Disaster Recovery plan</li> <li>- Business impact and risk assessments used to guide recovery planning</li> <li>- IT systems, applications and resources required by the Council and how they should be utilized in the event of a disaster</li> <li>- Backup and recovery procedures for Council’s IT infrastructure, hardware, and systems</li> <li>- Location of alternative sites</li> <li>- Restoration, containment, and eradication procedures</li> <li>- Root cause analysis (including preservation of investigation evidence)</li> </ul>	<p>Head of IT</p> <p><del>June 2022</del></p> <p>November 2022</p>	<p>We were advised by the Head of IT that:</p> <p>1.1 They have engaged with a third consultancy to create the framework to address the items that have been highlighted.</p> <p>They will provide support to Southwark Council in building a framework to:</p> <ul style="list-style-type: none"> <li>• Review on an annual basis what its tier 1 applications are, associated contacts, etc.</li> <li>• Ensure there is a matrix in place to measure DR testing over the past year.</li> <li>• Hold people to account.</li> </ul> <p>By engaging with a third-party, Southwark Council is aiming to ensure rigour and assurance.</p> <p>1.2 This will be covered by a guide following the UK Government BCM toolkit.</p> <p>1.3 Workshops will be carried out with key stakeholders to create business impact analysis and risk assessments.</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>- Contact information of critical third parties</p> <p>The plan should be linked to the Council’s Business Continuity Plan/Incident response plan.</p> <p>1.2. Management should ensure that the roles and responsibilities are clearly defined and assigned to appropriate members of staff individually. The responsibilities should be communicated to all relevant members of staff and should be reviewed on an annual basis or following a significant change to the Council’s operations.</p> <p>1.3. The plan should also include the “Recovery Time Objectives (RTO)” and “Recovery Point Objectives (RPO)” for the Council’s IT systems and services into the IT Disaster Recovery procedures. The recovery objectives should be reviewed on an annual basis or following a significant change to the Council’s operations.</p> <p><b>High</b></p>		
<p>2.1. The Council should conduct a formal exercise of identifying all critical systems within their IT estate including third party hosted systems and software. A central record of all the critical systems should be maintained by the Council’s inhouse IT department which should include the following (but not limited to):</p> <ul style="list-style-type: none"> <li>- System name and location</li> <li>- Departmental system owner</li> <li>- Supplier name</li> <li>- Agreed RTO and RPOs</li> <li>- Most recent annual DRP and BCP test date</li> <li>- License expiry date</li> </ul> <p>2.2. The Council should provide appropriate annual refresher training to the departmental system owners to remind them of their responsibilities with regards to regards to systems they manage, ensuring updated</p>	<p>Compliance Officer</p> <p><del>June 2022</del></p> <p>November 2022</p>	<p>We were advised by the Compliance Officer that:</p> <p>2.1 Workshops will be carried out with key stakeholders to create business impact analysis and risk assessments. Also, disaster response and recovery plans will be created</p> <p>2.2 This will be in the form of the BCM toolkit</p> <p>2.3 Workshops will be carried out with key stakeholders to create business impact analysis and risk assessments</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>continuity and recovery plans and annual assurances are received from suppliers confirming that the plans have been tested. Formal documentation is provided to Council's inhouse IT team to manage centrally.</p> <p>2.3. Furthermore, management should ensure appropriate Service Level Agreement (SLAs) for disaster recovery provision is in place with all third-party IT providers, including those for hosted IT systems. These SLAs should define the agreed services and timescales for a recovery in disaster scenario.</p> <p><b>High</b></p>		
<p>3.1. The Council's IT department, in collaboration with Council's Emergency Planning and Resilience (EPR) department and STS should develop and document a Council-wide formal IT business continuity plan by identifying all critical systems within their IT infrastructure including third party applications and the urgency with which they should be restored if disruption occurs.</p> <p>3.2. The BCP should include identification of responsibilities, identification of any acceptable loss and implementation of procedures to recover and restore the system within the required timescale.</p> <p>3.3. Furthermore, once all critical IT systems are identified, the Council should perform a documented Business Impact Assessment (BIA), which includes, but is not limited to:</p> <ul style="list-style-type: none"> <li>• The recovery objectives (Recovery Time Objectives, Recovery Point Objectives) for the systems</li> </ul> <p><b>Medium</b></p>	<p>Head of ICT  <del>June 2022</del>  November 2022</p>	<p>We were advised by the Head of IT that:</p> <p>3.1 There is a document detailing IT continuity detailing the tier 1 critical systems. This will be shared with EPR</p> <p>3.2 Individual plans will be created once all workshops and analysis is carried out for each Tier 1 service</p> <p>3.3 BIA will be created and identified during the workshops with Tier 1 system owners</p>
<p>4.1. The Council and STS should conduct BIAs to develop and update their effective responses to adverse incidents within their business continuity and disaster recovery arrangements. The BIAs should be</p>	<p>Compliance Officer  June 2022  November 2022</p>	<p>We were advised by the Compliance Officer that:  Working with Risual, BIAs and risk assessments will be carried out</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>completed before any further work is undertaken on response plans to identify:</p> <ul style="list-style-type: none"> <li>- Mission Critical Activities (MCAs), their dependencies and single points of failure</li> <li>- Recovery Time Objectives (RTO) for the Council's Mission Critical Activities and their dependencies</li> <li>- Recovery Point Objectives (RPOs) for the MCAs</li> <li>- Impacts over time, including operational, media interest, contractual, reputation, financial loss, commercial interests' risk</li> </ul> <p><b>Medium</b></p>		
<b>Children and Adult's Services Department</b>		
<b>2020-21 - Supported Living</b>		
<p>(i)Staff undertaking the contract monitoring reviews should be reminded of their responsibility for checking that the provider has robust procedures for obtaining DBS checks when required. They should check a sample of the Provider's staff to provide assurance that these procedures are effective and record this as completed on the forms.</p> <p>(ii)Where issues are identified there needs to be a clear follow up strategy with dates for completion. This should be recorded on a centralised spreadsheet and readily accessible to staff to monitor.</p> <p>(iii)The checks being undertaken by CMOs in relation to DBS records should be reviewed to ensure that each provider has been adequately sampled.</p> <p>(iv)One standard form should be used for the purpose of undertaking these required reviews.</p> <p><b>High</b></p>	<p>Assistant Director for Quality, Performance and Transformation</p> <p>September 2021</p>	<p>We were advised by the Assistant Director for Quality, Performance and Transformation that:</p> <p>The contract monitoring reports have not been updated which includes the requirement for monitoring officers to check two staff files for compliance, including DBS.</p> <p>Evidence will be provided to show this is being actioned, there has been a couple issues with the shared drive which is being resolved.</p> <p>Evidence pending</p>
<b>2021-22 - Contract Management: Mobilisation</b>		

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>a) The ADQPT should develop documented procedures for the mobilisation process to promote a consistent approach and key stages. This should include, but not be limited to:</p> <ul style="list-style-type: none"> <li>• Key definition of what mobilisation encapsulates</li> <li>• Decision tree with links to a flowchart or workflow</li> <li>• Guidelines on mobilisation project team sizes based on a contract award's remit. Including specification of which projects require additional resource.</li> <li>• Utilisation of the Corporate Mobilisation Plan in defining key steps and tasks</li> <li>• Mobilisation Closure template</li> </ul> <p>b) The ADQPT should clearly define roles and responsibilities relating to mobilisation and incorporate them in process flowcharts and decision trees.</p> <p>c) The ADQPT should design a document which can be utilised across all ASAC projects. It should include examples of key contacts/ officer roles both within the Council and external contractors who are essential in promoting a smooth mobilisation.</p> <p>e) The ADQPT should add a specific mobilisation section to the handbook incorporating:</p> <ul style="list-style-type: none"> <li>• The areas covered in the above recommendations.</li> <li>• Best practice, which incorporates lessons learned gained from previous projects.</li> <li>• Training tools and minimum standard requirement for team members' induction</li> </ul> <p><b>Medium</b></p>	<p>Assistant Director for Quality, Performance and Transformation</p> <p><del>June 2022</del></p> <p>TBC</p>	<p>We were advised by the Assistant Director for Quality, Performance and Transformation that:</p> <p>There is a mobilisation flowchart which I created, and which is in the contract management handbook on share point. As part of putting the flowchart together it was agreed that mobilisation would be led by the commissioning officer and the commissioning AD would sign off the project plan.</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<b>2020-21 Foster Carer Payments</b>		
<p>When the statement of purpose is reviewed in May 2020, evidence of appropriate approval should be retained centrally and available to staff.</p> <p><b>Medium</b></p>	<p>Director of Children and Families 31 December 2020</p>	<p>We were advised that:</p> <p>The statement of purpose was updated and agreed by the Head of Service and Assistant Director, and this was emailed to the Director of children and Families. The approval information is available but in line with most Las the signed copy is not on the website.</p> <p>Evidence pending</p>
<p>1) For new foster carers the training plan should be entered onto Mosaic. At each annual review the social worker should check whether the plan is there and if not enter the data.</p> <p>2) On a quarterly basis, management should complete a sample check of foster carers to ensure that their plan is TSD compliant and recorded on Mosaic.</p> <p><b>Medium</b></p>	<p>Service Manager <del>31 December 2020</del> September 2022</p>	<p>We were advised that:</p> <p>1)All foster carers have a T&amp;D Plan on mosaic, which is regularly updated. TMs are ensuring at the point of ARA the plans are updated.</p> <p>2)This remains incomplete and will commence in Q2 2022/2023. Capacity has been less in Fostering as the Fostering Service Manager left.</p> <p>Evidence pending</p>
<b>2020-21 Payments to Children and Families</b>		
<p>1) Staff requesting a card to be issued should ensure that correct procedures are followed including staff completing their own application forms to ensure there is a segregation of duties between those requesting and issuing the cards. A reminder should be sent to staff confirming the correct process to be followed.</p> <p>2) Documentation should be scanned in and held in a central shared drive. A record should be established and maintained to log all staff travel and expenses cards issued, to include: the request form and approval and an email from the practice co-ordinator to the staff member confirming the card has been issued and topped up with the specified amount.</p> <p>3) Quarterly checks should be completed by service managers on issued cards to confirm that they have been issued appropriately and that documentation is</p>	<p>Heads of Service November 2020</p>	<p>We were advised that:</p> <p>1)There is a segregation of duties and therefore no one person can set up or load funds onto an instant issue card. Staff cards only need one person to load the funds but authorising paperwork or an email from their manager gives approval to load. The documents are within the staff member's service.</p> <p>2)We are unable to have one central shared drive and each service manage their own processes. If the payment is for a young person, the documentation is scanned into the child's record on MOSAIC.</p> <p>3)On a monthly basis a report is distributed to the heads of service for them to review the purchases by their service. This circulation also includes Direct and Assistant Directors.</p> <p>Evidence pending</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>retained. Where the cards have not been issued appropriately or documentation is not retained the staff member should not be eligible for a travel and expense card and the issued card should not be topped up further.</p> <p><b>High</b></p>		
<p>Quarterly reviews should be completed by team managers on a sample of expenditure on instant issue cards. Where it is considered that the cards are not being used appropriately, this should be reported to the service manager and a decision made as to whether the card holder should not receive further funds and any expenditure should be paid by council staff using their staff travel and expense cards.</p> <p><b>Medium</b></p>	<p>Heads of Service January 2021</p>	<p>We were advised that: Every Month a report is distributed to the heads of service for them to review the purchases by their service. This circulation also includes Direct and Assistant Directors. Evidence pending</p>
<p>1) Documentation should be scanned in and held in mosaic CareStore by practice co-ordinators once the card has been issued. Practice co-ordinators should be reminded of the processes by the team and service managers. A central log of issued cards should be maintained detailing all those that have been issued. 2) Quarterly checks should be completed by service managers on issued cards based on the above recommended central log to confirm that they have been issued appropriately and that documentation is retained. Where the cards have not been issued appropriately or documentation further training should be provided. If the staff member continues to not follow required procedure this should be raised as part of their appraisal.</p> <p><b>Medium</b></p>	<p>Heads of Service November 2020</p>	<p>We were advised that: 1)This statement is general practice, and any client related expenditure is scanned into the child's record on MOSAIC. The service maintain their own log. 2)Every Month a report is distributed to the heads of service for them to review the purchases by their service. This circulation also includes Direct and Assistant Directors. Evidence pending</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<b>2021-22 Youth Offending Team</b>		
<p>i) The Head of YOS should catalogue all policies and procedures in place related to their department along with a listed owner.</p> <p>ii) The Head of YOS should implement set appropriate timeframes, defining when policies are reviewed and updated.</p> <p>iii) The Head of YOS should develop a defined communication channel for informing staff of new policies and related updates.</p> <p>iv) The Head of YOS should ensure policies are version controlled and saved in a central SharePoint site or shared area which is advertised to staff. Bulletins can also be utilised to raise awareness when key updates are implemented.</p>	<p>Head of Youth Offending Service March 2022</p>	<p>We were advised by the Head of Youth Offending Service that:</p> <p>i)This is a work in progress- the service has a catalogue and polices are currently being updated</p> <p>ii)This is a work in progress as above, the catalogue outlines the policy last revision date and the expected next revision date</p> <p>iii)The YJS has developed several routes to inform staff of new policies or updates- we consider that one communication channel will not be sufficient</p> <p>iv)All policies are now saved in the policies section of the YJS shred drive- soon to be moved to the Southwark cloud</p> <p>Evidence pending</p>
<b>Medium</b>		
<p>i) The Head of YOS in conjunction with the Chair of the YCMB should raise an agenda item highlighting that as part of the guidance the YCMB members have to engage appropriately, providing support and endorsement of raised actions which are brought forward at the YCMB meetings. Individuals/ organisations noted in the report for consecutive YCMB absence should be monitored to confirm that this pattern does not persist. Actions should include planned completion dates and YCMB follow up consultation. Board effectiveness should be reviewed on an annual basis</p> <p>ii) The Head of YOS in conjunction with the YCMB chair should arrange for high-level messages to be directed from the YCMB itself or have their endorsement to promote the importance of new processes or policies.</p> <p>iii) The Senior Management Team should liaise with YCMB members regarding visiting or meeting virtually</p>	<p>Head of Youth Offending Service &amp; YCMB Board chair December 2021</p>	<p>We were advised by the Head of Youth Offending Service that:</p> <p>i)The YJMB Chair and the YJS head are using various strategies to ensure raised actions are addressed by members. One of these strategies is to provide an induction process for new board members so they clearly understand their expectations. The Board secretary informs the YJMB chair and Head of YJS of serial non attendees and the YJS head then contacts these individuals to encourage greater board participation</p> <p>ii)The YJS head now routinely summarises board discussions to YJS staff, so they are aware of key board priorities</p> <p>iii)Board members are now invited to attend YJS meetings and so they can meet YJS staff and understand operational YJS priorities</p> <p>Evidence pending</p>







Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>with the YOS operational teams to gain further insights into their activities and mechanisms.</p> <p><b>Medium</b></p>		
<p>i) The Risk register should be updated to include the following (we provide an example template at appendix III):</p> <ul style="list-style-type: none"> <li>▫ Risk Description</li> <li>▫ Controls</li> <li>▫ Sources of Assurance</li> <li>▫ Control Gaps</li> <li>▫ Likelihood</li> <li>▫ Impact</li> <li>▫ Gross Score</li> <li>▫ Target Score</li> <li>▫ Actions Required and Due Date</li> <li>▫ Responsible Officer.</li> </ul> <p>ii) The Board should ensure that the reasoning behind changes in risk status are discussed at each YCMB meeting. Challenges and discussions regarding risks should also be discussed.</p> <p><b>Medium</b></p>	<p>Head of Youth Offending Service &amp; YCMB Board chair</p> <p><del>December 2024</del></p> <p>September 2022</p>	<p>We were advised by the Head of Youth Offending Service that:</p> <p>i) This is a work in progress, existing risk register will incorporate many of these suggestions into an improved risk register due to be launched in summer 2022</p> <p>ii) The Board routinely discusses risk register changes at each board meeting</p>
<b>2021-22 Travel Assistance</b>		
<p>Supporting documentation such as the expense receipts for direct payments under £40 should be obtained and verified at least annually. These checks should be recorded as for the other payments over £40.</p> <p><b>Medium</b></p>	<p>Travel Assistance Manager, Education Access</p> <p><del>September 2024</del></p> <p><del>March 2022</del></p> <p>September 2022</p>	<p>We were advised by the Travel Assistance Manager that:</p> <p>We have been unable to implement this yet and it will still take us a while, as our team member who deals with finance has been on sick leave quite a bit recently and is still waiting for hospital results and attending quite often. Our team co-ordinator also left, and we have only just replaced her with a seconded officer, who is just settling in.</p> <p>We are a very small team of just five people, including myself, running a very big service and currently undertaking a taxi framework procurement and just about to start a new bus contract procurement, so we do not have the capacity to do this now. Realistically, I think it will take until</p>

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Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
		<p>September 2022 to get this done. However, we would not expect any problems, as we get attendance records from the schools every half term and quotes were required before any monies were paid.</p> <p>At the moment, the only way prices are going is up, so realistically it is extremely unlikely that anyone has been overpaid. In addition, there will be no receipts available for those families who get a mileage payment. For these families mileage is checked before they start direct payments and whenever they move home or school/college, so we always know the correct mileage.</p>

# APPENDIX 1

## OPINION SIGNIFICANCE DEFINITION

Level of Assurance	Design Opinion	Findings from review	Effectiveness Opinion	Findings from review
<b>Substantial</b> 	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.
<b>Moderate</b> 	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.
<b>Limited</b> 	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.
<b>No</b> 	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.

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## APPENDIX 2

### INTERNAL AUDIT ANNUAL REPORT BENCHMARKING 2021-22

#### Purpose of Report

This report provides comparative information across our Local Authority clients relating to the internal audit assurance opinions provided in 2021-22, along with the number and relative proportion of recommendations and the priority level assigned. This report can be used to assess how the Local Authority compares to its peers so that inferences can be drawn and used to further strengthen the Local Authority's internal control environment.

#### Commentary on the Results

The graphs show that:

- The majority of moderate assurance opinions for the design and effectiveness of the controls, note there was only one limited assurance effectiveness opinion provided. This places the Council in the 'middle of the pack' when compared to other Councils.
- Having a risk-based and flexible plan invariably means that the audit resource is directed to areas of risk / concern, which should be seen as a positive and is reflected in the opinions and recommendations made.
- The Council receives a lower-than-average number of audit reports in comparison to its peers, reflecting the size of the audit plan.
- The average number of recommendations is comparable and feeds into the relatively high proportion of moderate assurance opinions. Medium recommendations are also relatively higher than at other Councils whilst low recommendations are considerably lower.

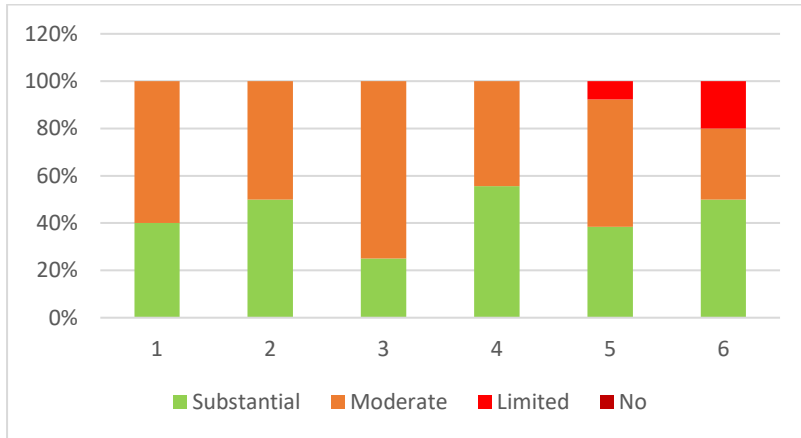
In terms of the benchmarking outcomes, it should be considered that this was an exceptional year due to the Covid-19 pandemic, and therefore some Councils re-shaped their audit coverage, resulting in changes to the number and type of audits performed.

*Southwark Council is number 5 on the graphs that follow.*

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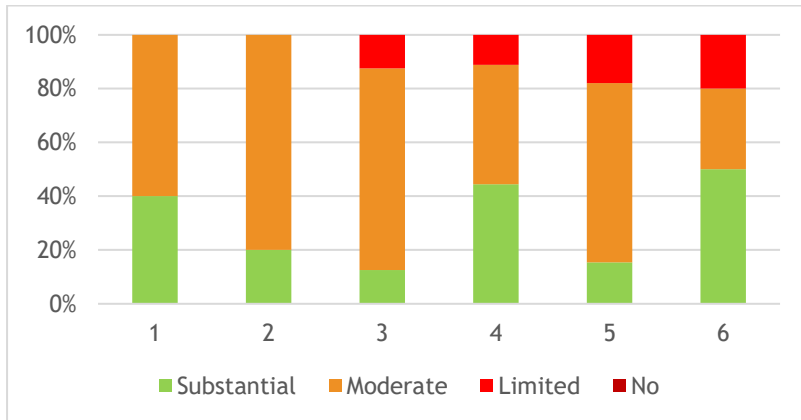
### Design Opinion

The graph below shows the assurance levels for all reports included in the annual report, in relation to the design of the controls. This does not include advisory reports where no assurance levels are provided.

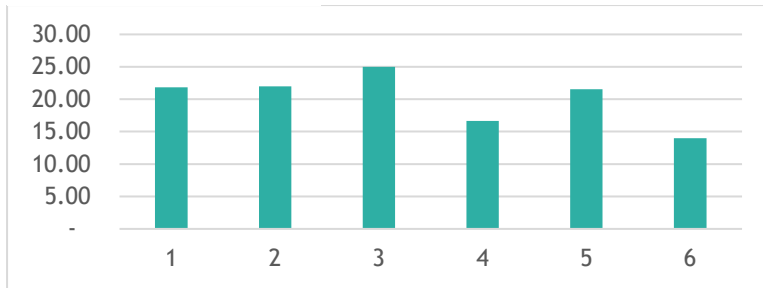


### Effectiveness Opinion

The graph below shows the assurance levels for all reports included in the annual report, in relation to the design of the controls. This does not include advisory reports where no assurance levels are provided.

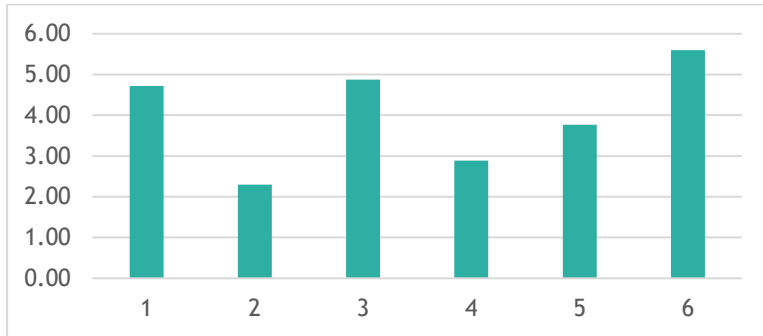


### Days per review



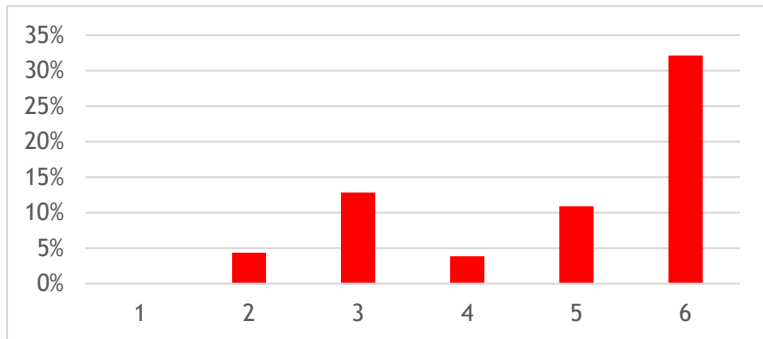
This graph shows the total number of days per the 2020/21 annual plan divided by the number of reports included in the annual report or out in draft.

### Average recommendations



This graph shows the total number of recommendations listed in the annual report divided by the total number of reports, including advisory reports.

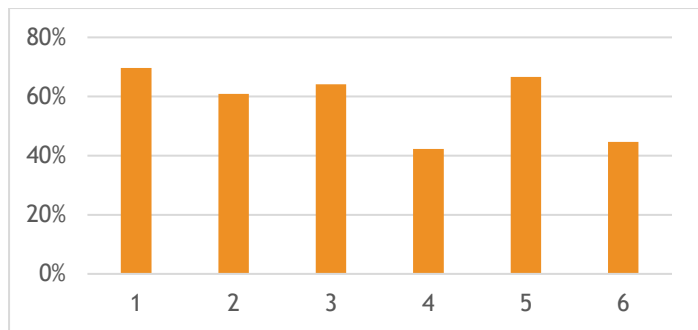
### High Recommendations



This graph shows the percentage of recommendations from the annual report that were high findings.

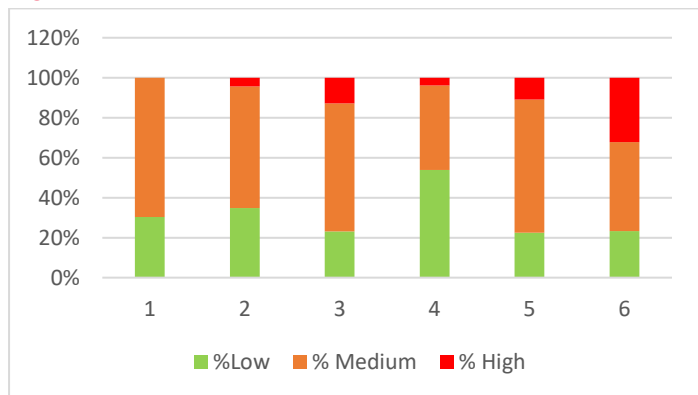
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### Medium Recommendations



This graph shows the percentage of recommendations from the annual report that were medium findings.

### Significance of Recommendations



This graph shows the significance levels of all recommendations listed in the annual report.

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# APPENDIX 3

## Local Government Sector Update

### SECTOR UPDATE

Our periodic Local Government briefing summarises recent publications and emerging issues relevant to Local Authorities that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior managers, directors, and members.

### FINANCE

#### [Cost of living squeeze hits public sector](#)

Authorities face increased costs without any guarantee of higher income, putting pressure on budgets for next year.

Everyone is paying a high price for the cost-of-living crisis, including the public sector.

In addition to higher energy bills and wider inflation, local authorities face problems finding contractors and could lose income from fees and charges.

“It is having a major impact on budgets,” said Lynton Green, deputy chief executive at Warrington Borough Council and president of the UK’s Society of Municipal Treasurers. Government support helped to protect UK councils during the first year of the pandemic, with some paying significant sums into reserves.

But along with consumers, they now face inflation exceeding 7% during the next few months. Contractors, including providers of adult social care, are keen to pass on costs, such as April’s 1.25 percentage point rise in national insurance.

“They see local authorities as having extra money,” said Green. Meanwhile, supply chain problems, partly caused by Brexit, mean that some contractors will only guarantee prices for short periods. “Everything has to be signed and sealed in two weeks,” he added. “They will not hold prices any longer.”

Ian Miller, chief executive of Wyre Forest District Council in Worcestershire, said bills for construction schemes are exceeding initial estimates: “We have to reshape projects in line with available funding.” Along with other district councils, Wyre Forest is effectively limited to raising council tax in 2022-23 by a maximum of 1.99%. “It will definitely be sub-inflation,” said Miller. Upper- and single-tier authorities can levy an extra 1% for social care.

<https://www.publicfinance.co.uk/analysis/2022/03/cost-living-squeeze-hits-public-sector>

[Funding reforms key to ‘levelling up’](#)



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The government's 'levelling up' agenda is reliant on detail on funding reforms omitted from last month's white paper, according to the Institute for Fiscal Studies.

Although February's 'levelling up' white paper recognised the importance of public services, it failed to include any proposals on how the government planned to reform funding, research published by the IFS said.

It added that the paper focused on narrowing geographic gaps in funding but lacked any details on how money was reaching the most deprived areas, and the effect it was having.

The report said: "Overall there is little said [in the paper] about one of the biggest direct levers the government has to effect levelling up: changes to how funding is allocated between places.

"This is an important omission because recent years have seen increasingly robust evidence emerge that the amount of funding a range of public services receive matters for the outcomes they deliver."

Since 2010 local authorities funding has acted against 'levelling up', as authority spending fell by around twice as much per person (31%) in the most deprived tenth of councils, compared to the wealthiest (16%), the report added.

This was a result of the government failing to consider how much each authority relied on grants to fund services, with more deprived areas unable to raise additional revenue through council tax, the IFS said.

The institute said that the 2022-23 local government settlement indicated a change, as councils in more deprived areas are set to receive larger funding boosts than authorities in wealthier areas.

<https://www.publicfinance.co.uk/news/2022/03/funding-reforms-key-levelling>

#### VAST MAJORITY' OF PUBLIC BODIES SIGN-UP FOR LOCAL AUDIT PROCUREMENT

Almost all eligible public bodies in England have registered for the national auditor procurement scheme run by Public Sector Audit Appointments from 2023, the oversight body has announced.

The body announced yesterday that 470 of the 475 qualifying bodies signed up to the scheme for the five-year accounting period from 2023-24 to 2027-28.

This was an increase of one percentage point over the previous accounting period, which runs until the end of 2023-24, PSAA added.

Steve Freer, PSAA chair, said: "We are very pleased that the vast majority of eligible local bodies have once again decided to put their faith in PSAA's scheme.

"In our view it makes particular sense for the sector to work together in a co-ordinated, collaborative scheme at a time when the local audit market is facing unprecedented challenges and risks affecting the supply of audit services and the delivery of timely audit opinions."

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Stephen Sheen, managing director at local government adviser Icabod's Industries, told PF that it was no surprise that more public bodies signed up for the procurement period.

<https://www.publicfinance.co.uk/news/2022/03/vast-majority-public-bodies-sign-local-audit-procurement>

### **Council tax support scheme will be 'challenging to deliver'**

Logistical and software issues are likely to make it challenging for councils to deliver the government's £150 council tax rebates to help consumers with soaring energy prices, according to CIPFA.

Chancellor Rishi Sunak announced the policy yesterday, which see all properties between band A and D receive a flat £150 rebate from April, to help combat soaring inflation and energy prices.

However, responding to the announcement, CIPFA said that short time scale to get rebates out would create logistical issues, and authorities will require extra funding to deliver them on time.

CIPFA chief executive Rob Whiteman said: "While the sector will be pleased that their communities are receiving support toward the emerging cost of living crisis, on a practical level this additional support is challenging to deliver because of logistical and software issues.

"With bills due to go out next month, including possible individual benefits calculations, the help announced will not be able to be delivered immediately."

The Institute for Fiscal Studies said that due to the regressive nature of council tax, based on 30-year-old property valuations, rebates are unlikely to target those who need the support most.

<https://www.publicfinance.co.uk/news/2022/02/council-tax-support-scheme-will-be-challenging-deliver>

### **Council set to spend £1m to bolster cyber security**

Essex County Council is set to invest £1m to help improve its cyber security, after experts warned of heightened risks of Russian interference in public bodies.

A decision notice published last month called for the drawdown of £1m from its technology solutions reserve to fund the outsourcing of cyber-security monitoring and appoint separate consultants to manage a cyber-attack response.

The council's plan follows letters to public bodies from cabinet minister Lord Greenhalgh and the government's National Cyber Security Centre in February, which warned of increased state interference in public bodies.

The notice said: "A successful attack would result in significant damage, disruption and cost to Essex County Council and the residents of Essex.

"Whilst there are security measures currently in place, this proposal will add significant layers of resiliency to bolster technology services' cyber security, operational monitoring, and our ability to respond effectively to any attack."

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The monitoring would cost the council £500,000 in 2022-23, allowing experts to monitor the council's network 24 hours a day and alert staff to any potential risks, the notice said.

Procuring consultants for a cyber-attack, would cost £400,000 and give the council direct access to security resources to ensure financial and operational damage limitation, reducing the recovery time of affected services, Essex added.

Working with the external providers will enable the council to build a robust strategy for security improvements, by identifying risks unknown to Essex, as well as making good practice recommendations on existing plans, the notice said.

Essex added it will also use the funds to hire a new IT security manager to help oversee anti-hacking policies, and coordinate security services.

## Environment

### [Authority to publish carbon 'budget' alongside finances](#)

A county council is set to begin releasing details about its carbon emissions together with its annual budget in order to monitor its impact on the environment.

Suffolk County Council declared a climate emergency in 2019, and cabinet members believe the "historic" move will help realise their net-zero goals.

The authority will record data including the energy used to power buildings, travel by its workers, waste disposal and fuel for public transport and gritters, for example.

"This is an historic budget, the first full budget of its kind that the council has ever produced," said deputy leader and cabinet member for finance and environment Richard Rout.

"Becoming a net zero organisation by 2030 is incredibly ambitious, but I'm committed to doing everything we can to realise that vision."

Rout said officers have collected data to provide a baseline against which they can measure future emissions, which should drive decision-making towards pursuing a decline, especially given it will be published alongside the annual financial budget.

<https://www.publicfinance.co.uk/news/2022/01/authority-publish-carbon-budget-alongside-finances>

## HOUSING

### [Housing associations slammed for commercial focus](#)

Social housing conditions have deteriorated in part because housing associations have become accountable to investors in the City, rather than to tenants, sector experts told MPs.

Speaking to the Levelling Up, Housing and Communities Committee, yesterday tenants' organisations said that government housing targets have led to an increase in high-rise investor properties and shared ownership homes, rather than social housing.

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Suzanne Muna, representative at the Social Housing Action Campaign, said that many large housing associations are focused on income generation, with many board members from financial backgrounds, removing their focus from maintaining existing stock.

Muna said: “We would say that housing associations are now accountable to investors in the City, and we do not believe that they are really, especially the bigger ones, accountable.”

In the committee’s first session probing the regulation of social housing, Darren Hartley, chief executive of tenant’s charity the TAROE Trust, said that commercialisation means that the primary focus of housing associations is on financial gain, rather than providing a social service.

<https://www.publicfinance.co.uk/news/2022/01/housing-associations-slammed-commercial-focus>

### Energy company part-owned by Warrington Borough Council collapses

An energy company in which Warrington Borough Council invested £52m has gone bust.

Glasgow-based Together Energy today (Tuesday) joined the increasing number of small energy firms which have closed down due to an increase in wholesale gas prices.

The company announced the decision to cease trading with immediate effect on its website this afternoon.

It said: “Despite press reports, we did buy enough gas and electricity for your needs, but the sustained increase in wholesale prices and the securities required to continue to forward purchase the energy, have meant that it is untenable for us to continue.”

The firm thanked customers for supporting its “commitment to providing employment and education opportunities to young people from disadvantaged areas”.

In a statement, Warrington Borough Council said: “Our vision was to be part of a company that tackles the climate emergency by delivering 100% green energy to customers, contributes to reducing fuel poverty and provides local jobs in Warrington - particularly for those out of work or without formal qualifications - but the current market conditions are sadly not sustainable.

<https://www.publicfinance.co.uk/news/2022/01/energy-company-part-owned-warrington-borough-council-collapses>

**FOR MORE INFORMATION:**

**Greg Rubins**

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

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