



INTERNAL AUDIT AND ANTI-FRAUD PROGRESS REPORT

London Borough of Southwark

For presentation to the Audit, Governance and Standards Committee

22 November 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 2022-23 internal audit plan. It summarises the work we have undertaken, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards.

Internal audit methodology

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

Internal audit plan 2022-23

The status of the audits 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.

We are currently attending all department senior management teams to undertake a review of the 2022-23 plan and confirm additional audits to be completed to the end of the year.

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.

The assurance ratings for schools where final reports have been issued 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 remained the same at 86% since our last progress report (reported in October 2022). The actual implementation rate may be higher than 86%, however we are awaiting updates and provision of evidence for several audits.

Internal audit plan 2023-24

As part of the discussions with department senior management teams we are considering the priorities for the next financial year. An initial proposed plan is to be presented to the Corporate Management Team on 6 December 2022. The agreed draft plan will be presented to the Audit, Governance and Standards Committee on 6 February 2023.

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 8 August 2022. Our report was an independent assurance conclusion as to whether the subject matter agrees with the grant offer letter in all material respects with eligibility criteria for the costs taken into consideration. A separate letter of engagement was agreed with the Council for this work. Phases 1 and 2 covering expenditure from 1 April 2021 to 30 September 2021 was audited in November 2021. Phase 3 covering the period 1 April 2022 to 7 August 2022 was audited in October 2022.

2. ANTI-FRAUD UPDATE

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

Summary of investigations 2022-23 to date

2022-23	Corporate Anti-Fraud		Housing Waiting List		Right to Buy		COVID-19 Referrals	
C/f	Open	Closed	Open	Closed	Open	Closed	Open	Closed
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
August 2022	17	14	9	11	5	2	0	19
September 2022	10	9	2	5	3	5	0	4
October 2022	13	7	9	6	9	2	0	0
Total	80	54	43	37	28	20	27	25

The figures represent investigations from 1 April 2022 to 31 October 2022.

Reactive Anti-Fraud investigations

There are currently 41 active Corporate Anti-fraud Team investigations. These can briefly be summarised as follows:

- Chief Executive's Department 3 cases
- Children & Adult Services 9 cases
- Environment & Leisure 2 case
- Housing & Modernisation 5 cases
- Finance & Governance 11 cases
- Blue Badges 15 cases

(This is an Environment and Leisure initiative, which the Corporate Anti-Fraud Team is supporting)

Document Scanners

We have commenced the roll-out of the replacement ID Scanners for the primary users, including Housing, The Registrar's Office, Peckham Library and HR. The installations became active from the 1 October 2022.

Fraud and Verification

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 October 2022 FVT received 43 referrals: 19 have been recommended to be maintained, nine have been denied, four have been transferred out for review by another team, six have no further action and two have been withdrawn by the applicant.

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 October 2022 there have been 27 referrals: 16 have been approved, two have been denied and two withdrawn. The remaining cases are currently being reviewed.

National Fraud Initiative

The team is preparing for the National Fraud Initiative 2022/23 Exercise. CAFT are currently gathering the mandated data for submission by the 18 November 2022. The team cleanses each data file to ensure required fields are present and minimum key field thresholds are met so the file can be used for matching. The matches generated following the review will be released on 23 January 2023 for review.

3. SUMMARY OF WORK IN PROGRESS

INTERNAL AUDIT PLAN 2022-23

The table below includes the status of audits commenced to date. For those audits shaded in grey, the executive summaries are included in section 4.

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 2021-22 reviews have been agreed. As part of the 2022-23 work, we are 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
Supporting Families Grant	Director of Children and Families	20	Audits completed on a sample of 10% of claims on a quarterly basis.			For the period to 1 April to September 2022 no exceptions were identified for the sample of claims reviewed.	
Protect and Vaccinate Funding	Director of Finance	6	✓	✓	✓ Final Report	NA Advisory	NA Advisory
EU project URBACT Thriving Streets - Grant - Phase 3	Director of Environment	6	✓	✓	✓ Final Report	NA Advisory	NA Advisory
Adult Learning Services	Director of Education	15	✓	✓	✓ Final Report	Moderate	Substantial
Buyback of Properties	Director of Customer Experience	15	✓	✓	✓ Final Report	Substantial	Substantial

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
General Ledger	Director of Exchequer Services	15	✓	✓	✓ Final Report	Moderate	Moderate
Software licence management	Head of IT and Digital Services	20	✓	✓	✓ Final Report	Limited	Limited
Special Education Needs (SEN)	Director of Education	20	✓	✓	✓ Final Report	Moderate	Moderate
Covid-19 pandemic related expenditure	Director of Adult Social Care	14	✓	✓	✓ Draft Report		
Member Office Protocol	Director of Law and Governance	15	✓	✓	✓ Draft Report		
TMOs - Use of Reserves	Director of Communities	20	✓	✓	✓ Draft Report		
APEX Asset Management	Director of Asset Management	15	✓	✓			
Building Control	Director of Planning and Growth	15	✓	✓			
Cemeteries and Crematoria	Director of Leisure	20	✓	✓			
Children's Quality Assurance Unit	Director of Children and Families	15	✓	✓			
Complaints	Director of Customer Experience	20	✓	✓			
Hospitality and Gifts Register, Register of Interests	Director of Law and Governance	25	✓	✓			
Mental Health Services	Director of Adult Social Care	15	✓	✓			

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Pensions Administration	Pensions Manager	15	✓	✓			
Pupil Registry Systems	Director of Education	15	✓	✓			
Private Sector Licensing	Strategic Director of Finance and Governance	30	✓	✓			
Safeguarding - adults	Director of Adult Social Care	20	✓	✓			
Solace Womens Aid - Contract Management	Director of Environment and Leisure	20	✓	✓			
Building Safety	Director of Asset Management	25	✓				
IT Applications Review	Director of Customer Experience	35	✓				
Markets	Director of Environment	20	✓				
Voids	Director of Resident Services	20	✓				
Southwark Building Services - Service Improvement Plan	Director of Asset Management	20	✓				
Tenancy Management Organisations	Director of Communities	30	✓				

Schools internal audit plan 2022-23

The table below includes the status of audits commenced to date. A summary schools report will be prepared as part of the internal audit year end reporting, and presented to the Audit, Governance and Standards Committee in June 2023.

School	Status	Design	Operational Effectiveness
Southwark Inclusive Learning Service	Final Report	Moderate	Moderate
St Saviour's and St Olave's Church of England School	Final Report	Moderate	Limited
Charlotte Sharman Primary	Draft Report - findings agreed, awaiting school action plan	Moderate	Limited
St Mary Magdalene Church of England Primary School	Draft Report - findings agreed, awaiting implementation dates	Moderate	Limited
Peter Hills with St Mary's & St Paul's Church of England Primary School	Draft Report - partial response received, awaiting further information	Moderate	Limited
Dulwich Wood Primary School	QA		
Keyworth Primary School	QA		
St Jude's Church of England Primary School	Reporting		

4. EXECUTIVE SUMMARIES OF REPORTS FINALISED SINCE THE LAST MEETING

HM31 Buyback of Right to Buy Properties October 2022	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
	Substantial	Substantial	Medium	-
			Low	-
Purpose of audit:	To provide assurance over the adequacy of the design and operational effectiveness of the process for the buyback 20 and 40 project.			
<p>Background:</p> <p>The Council has two projects aimed at generating further properties within its social housing portfolio. The first is acquiring 20 one-bedroom properties on the open market that were originally purchased through the Council’s Right to Buy scheme, the second is purchasing a further 40 one-, two-, three- or four-bedroom properties. The purpose of the buyback 20 project was to purchase one-bedroom units on the open market to increase available stock to house individual rough sleepers.</p> <p>To help fund this project the Council has been allocated £1.2m from the Ministry of Housing, Communities and Local Government (MHCLG). This increased the overall project funding to a maximum of £6m to purchase 20 one-bedroom units. The buyback 20 is part funded by the Greater London Authority (GLA). The second, buyback 40 project was allocated funding of £12.8m in unspent capital receipts in February 2021 by the Housing Investment Board where a further 40 one-, two-, three- or four-bedroom properties will be purchased. All properties are purchased through the open market following standard conveyancing processes and once purchased go through the Council’s voids process before being available.</p> <p>The projects are governed by the Housing Investment Board who are also the project sponsors. The Board is co-chaired by the Strategic Director of Finance and Governance and the Strategic Director of Housing and Modernisation and is attended by Directors including Asset Management, Planning and Regeneration. Progress reports are presented to the Director of Customer Experience, SMT and the Lead Member.</p> <p>Areas of strength:</p> <ul style="list-style-type: none"> • Procedure documentation was in place for each project and was last updated in June 2022 with a nominated author and owner. These contained process maps of the steps to be followed and actions to take including documentation storage. These contained all necessary information to enable management of the projects. • The sample of properties we reviewed satisfied the criteria detailed within the procedure documentation and all necessary checks were undertaken by the team and fully documented. • Four properties had issues with voids, two are void despite completing over a year ago; however, these are outside the remit of the MySouthwark 				

Homeowners Service (MSHO) and therefore these will be reviewed as part of the upcoming voids audit.

- Monitoring was completed on a regular basis through monthly reports to the Director of Customer Experience, reports were provided to the Housing Investment Board in May and November 2021. Quarterly progress was reported as part of the Council's four-year borough plan, until May 2022 when a new Delivery Plan was agreed, no longer including buybacks.
- Financial reports were submitted monthly, where concerns were identified these were investigated and resolved to ensure information on SAP was accurate.

Areas of concern:

- No areas of concern were identified in respect of the risks audited and the control framework in MSHO.
- We identified some issues surrounding voids which will be reviewed as part of the internal audit commencing in November 2022.

CAS46 Special Education Needs (SEN) October 2022	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	1
	Moderate	Moderate	Medium	-
			Low	2
Purpose of audit:	To review the processes and controls in place to effectively support the quality of data used to inform decision making in relation to SEN EHC applications.			
<p>Background:</p> <p>Special educational needs and disabilities (SEND) can affect a child or young person’s ability to learn. They can affect communication and interaction, cognition and learning ability to understand things, social emotional and mental health and sensory and/or physical needs.</p> <p>An education, health, and care (EHC) plan is developed for children and young people aged up to 25 who need more support than is available through special educational needs support. EHC plans identify educational, health and social needs and set out the additional support to meet those needs. Most of the applications come through the school or educational setting with all the evidence of what has been tried, level of need, and costs. The Council has a duty to inform the requestor within 16 weeks whether an EHC plan is going to be made for the child or young person. There are protocols in place should the requestor decide to appeal a decision.</p> <p>The SEND team conducts the various roles required to support children and young people aged 0-25 with SEND who are residents in Southwark from application, development of the EHC, determining the most appropriate support and setting, working collaboratively with families, education settings and health and social care services.</p> <p>The SEND team has seen an increase in the volume of EHC need assessment applications since 2014 when the age range parameters were expanded from 2- 19 to 0 - 25 which added an additional seven years. This has increased the SEND team’s costs, while their budget has had inflation related uplifts and pay rises, in real terms this has failed to keep pace with demand throughout the years since the age expansion. The national average of EHC applications completed within the 16-week parameters is approximately 60%, compared to between 80% - 90% before the age range increase. On average Southwark’s SEND Team receives 10 applications per week, which are each discussed and approved at a multi-disciplinary panel chaired by the Head of the Inclusion and Monitoring Team within SEND or the Assistant Director SEND.</p> <p>Areas of strength:</p> <ul style="list-style-type: none"> The SEN application panel is effectively run in-line with the Code of Practice. Discussions were robust and based on key evidence obtained from the application documents. The Panel members possessed the required mix of specialist skills and contributed different points of view to allow formulation of appropriate decisions based on facts and understanding. Effective communication mechanisms are in place to ensure all relevant stakeholders involved within the SEN process have regular collaboration throughout the Education Health & Care (EHC) plan formulation. This included family, young person/ child, health workers, carers and relevant 				

teams supporting the child.

- Through our review of 10 EHCs (incorporating initial application to final plan phases) we can confirm they included appropriate quality assurance checks throughout the process.
- The 10 EHC final plans reviewed were robust and contained SMART plans, including key outputs to track progress of the individual child/ young person. Key stakeholders who will assist and support individuals throughout the process were also clearly documented.
- From our analysis of 10 EHCs we can confirm that all stakeholders were consulted during their development.
- There are clear and detailed Management Information spreadsheets in place to effectively support the quality of data used to inform decision making and timeframe management in relation to SEN EHC applications. This is produced consistently, as verified through our review of data between January to May 2022.

Areas of concern:

- The SEN team have protocols to track each stage of the SEN process as part of the Council's monitoring and reporting process to ensure they are processed within the 20-week prescribed completion target.
- From a sample of 10 EHC applications, eight applications were not completed within the 20-week timeframe. The Council's average over the five-month period January to May 2022 of meeting the target was 25%. We acknowledge that the NHS-wide cyber-attack on the care notes system has affected the ability to retrieve patient records. There has also been an increase in the volume of requests post Covid for all agencies. These factors have delayed the timely completion of multiagency assessments nationally this year.
- For the latest annual national published data set (SEND2) Southwark was in line with London and National averages. The current year data will be collected nationally in January 2023 and will be available for comparison in May 2023. The national average in the period reporting year was 60%.

IT10 Software Licensing Management November 2022		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Limited	Limited	Medium	5
				Low	-
Purpose of audit:	To provide assurance on the design and effectiveness of the controls in place around software licensing and to highlight any areas where the controls might be improved.				
<p>Background:</p> <p>Information Technology (IT) has become fundamental to strategic development and from operating systems to end user applications, software uses computing systems and hardware to perform specialised functions. In practical terms, the use of business software has improved the efficiency and efficacy of the Council's operations. Unlike IT hardware, developers primarily choose to license their software to customers, charging a recurring fee for usage. The fee for licensing software can vary based on several factors including the scale of operations, the number of users and the location. Appropriate software licensing procedures are essential to ensuring that licenses are utilised, and the additional costs are not incurred. These procedures should also include checks for software that is installed on the Council's IT assets, but outside of the control of ICT.</p> <p>Breaches of licensing arrangements are likely to incur significant financial penalties as well as the possibility of legal action being taken. Furthermore, unlicensed software is often insecure and can become a way of accessing the Council's IT network.</p> <p>Responsibility for software licensing processes primarily rests with the Shared Technology Service (STS). The Council also has a line of business systems in place, responsibility for which sits outside of STS processes and controls.</p> <p>Areas of strength:</p> <ul style="list-style-type: none"> • The Council and STS both demonstrated that there is a strong working relationship between the two parties in respect of software licensing management activities, whilst maintaining a clear distinction between the responsibilities and accountabilities of each party. This is enshrined within an Inter-Authority Agreement which sets out the specific areas governed by each organisation in relation to software licensing management. • Despite there being key gaps in policy documentation to define the responsibilities of the Council's ICT Service and end users in relation to software licensing and usage, technical controls were found to be in place to prevent end users from downloading and installing software on to their devices. • Throughout the review, management and staff demonstrated a commitment to learning and improvement, identifying and exploring potential ways to improve controls over each of the areas reviewed and consideration of industry best practice in these improvements. <p>Areas of concern:</p> <ul style="list-style-type: none"> • There was an absence of key policy documentation in place to govern software licensing management activities, both from an ICT Service and end user perspective. Attempts have been made to introduce such policies, although these remained in draft and were incomplete at the time of our 					

testing.

- Staff interviewed were knowledgeable about each of the software applications and the processes involved in managing these. However, these processes were not documented in procedural guidance for staff to follow. This results in a level of inconsistency in how different applications are managed, information is recorded, and software utilisation is monitored. Furthermore, a lack of documented processes impacts business continuity and succession planning if staff leave, move departments or are absent for prolonged periods.
- Manual records are currently kept for software licence information at the Council and within STS. There were multiple gaps in key data within the Council's corporate applications register, particularly in relation to system support, licence types, system criticality, renewal dates, and licence utilisation. For example, there were no start and end dates documented for any of the licenses. The register held by STS contained some of this data, although was manually populated and updated.
- There was an overall lack of monitoring in place over software licence data, utilisation, and compliance with conditions. An Operational Management Group (OMG) meeting does scrutinise (in)active user accounts, which informs Microsoft 365 licence numbers, and upcoming renewals of software are kept under review. However, the reliance on manually updated information by both parties reduces monitoring capabilities. Gaps in data within the Council's corporate applications register also prevent clear oversight of software licensing activities and compliance.
- The use of manually input spreadsheets has contributed to a lack of robust data on licenses and subject to improving the controls around the completeness and accuracy of date, best practice would be to move to an automated licensing tracking system.

KFC06 General Ledger November 2022	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	3
	Moderate	Moderate	Low	1
Purpose of audit:	To provide assurance over the adequacy of the control framework relating to the general ledger, including cost centre management, control account reconciliations, journal transfers and budget virements.			
Background:				
<p>The SAP General Ledger holds data on the financial position, assets, liabilities, income, and expenditure of the Council, including the data from subsidiary feeder systems. This financial information is used to produce the budget monitoring reports throughout the year and the financial statements at the end of the financial year. Income transactions received by the Council which cannot be automatically allocated to an appropriate account, through the automated detection based on reference or description, are rerouted to the Unallocated Income suspense account. Initial reviews of the transactions completed by the Financial Control and Processing (FC&P) Team will then reallocate identified income to a Feeder system suspense account, such as Council Tax. The responsibility for reviewing the Feeder system suspense accounts transactions and identifying the correct account resides with the relevant team at the Council.</p> <p>The Support Service Team provides support to the Revenues and Benefits service, including Council Tax, Business Rates and Housing Benefits, in reviewing the Feeder system suspense account transactions and identifying the correct amount. The income is then allocated to the relevant account(s) using journal entries which are appropriately authorised. If the income cannot be identified within three months of being placed in the Feeder system suspense account, it is returned to the Unallocated Income suspense account.</p>				
Areas of strength:				
<ul style="list-style-type: none"> We obtained five bank account reconciliations (Main bank account, Housing rent account, Community charge, Business rates and Council tax) completed across December 2021, January 2022, and February 2022. We identified that the main account is reconciled daily and reviewed by an independent officer. We identified that the reconciliations of the collection accounts are completed on a quarterly basis. We reviewed the Council's most up to date bank mandate and the authorised signatories list to assess whether all staff listed are current Council employees. We noted that the mandate was last updated in January 2022 and the officers listed were all current staff. We selected a sample of 25 bank payments in the period 1 April 2021 to 31 March 2022 to assess whether these were approved appropriately in line with the Council's Scheme of Management. We identified in all cases that these were appropriately approved with adequate evidence of approval retained. In addition to the authoriser reviewing and authorising the journal form, the key control in place to identify coding errors is the budget monitoring exercise. The budget holders identify significant/unexpected variances, which can be caused by a coding error. We noted that this control takes place monthly and enables the identification and correction of coding errors on a timely basis. 				

Areas of concern:

- The Corporate Suspense and Account Reconciliation procedure and the procedures relating to reconciliation protocols were not up to date for the current period. The policies and procedures relating to cost centre creation and journal protocol were not provided during the fieldwork, therefore we could not assess the adequacy of these procedures.
- We selected a sample of 20 budget virements in the period 1 April 2021 to 31 March 2022 to assess whether each virement was supported by adequate documentation and was approved appropriately. We identified in six cases that these were not evidenced as approved, therefore we could not assess whether these were approved appropriately.

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 October 2022, we have confirmed with reference to evidence that 367 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 remained the same at 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.

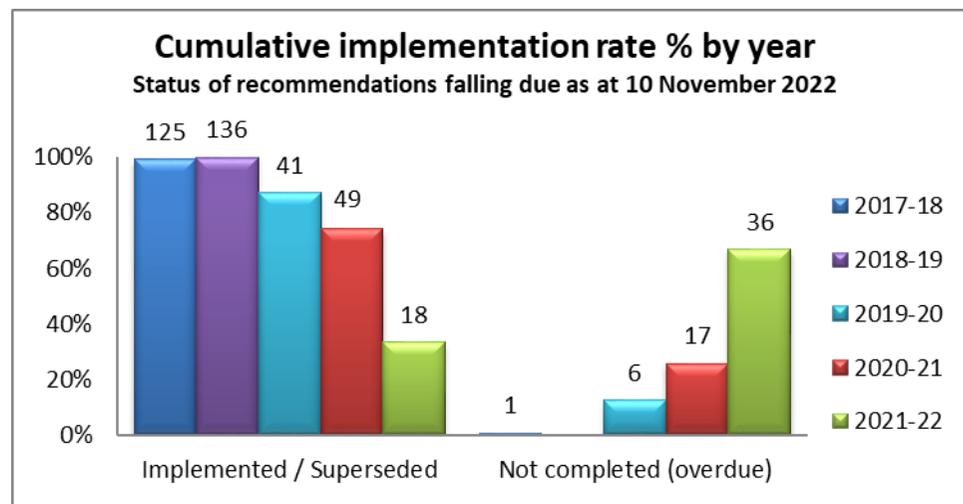
Several audits remain for which the required update was not provided by the date of reporting, which are indicated in our summary. The implementation rate may be higher than 86%. However, without management responses and supporting evidence, we cannot confirm this.

There are also several 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 to be followed up as part of another audit during the year (for example key financial systems)
- Recommendations 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		
Chief Executive's Department									
2017-18 Land Charges	5	1	3	-	1	-	-	80%	April 2019 December 2019 March 2023
2019-20 S106 Agreements	3	-	-	-	3	-	-	0%	January 2024 December 2024 Awaiting evidence
2020-21 Community Infrastructure Levy	1	-	-	-	1	-	-	0%	December 2020 Awaiting evidence
2021-22 Movement Policy and Plan	6	-	6	-	6	-	-	0%	January 2022 April 2023
2022-23 Emergency Planning	2	-	-	-	2	-	-	0%	February 2022 Awaiting evidence
Children's and Adults Department									
2020-21 Foster Carer Payments	3	-	1	-	1	-	-	33%	December 2020 Awaiting update
2020-21 Payments to Children and Families	3	-	-	-	-	1	2	0%	January 2024 Awaiting update
2020-21 Supported Living	3	1	1	-	1	-	-	66%	September 2024 Awaiting update
2020-21 Travel Assistance	1	-	-	-	1	-	-	0%	September 2024 March 2022 September 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 Youth Offending Team	3	-	-	-	3	-	-	0%	March 2022 September 2022
2021-22 Adoption Services	3	-	-	-	-	2	1	0%	January 2023
2022-23 Continuing Healthcare	3	-	-	-	-	-	3	0%	October 2022 Awaiting update
2022-23 Contract Management: Mobilisation	3	-	-	-	1	-	2	0%	June 2022 October 2022 Awaiting update
2022-23 All Age Disabilities	2	-	-	-	-	-	2	0%	June 2022 Awaiting update
Environment and Leisure Department									
2020-21 Climate Change	4	-	-	-	4	-	-	0%	November 2024 Awaiting evidence
2020-21 South Dock Marina	1	-	-	1	-	-	-	0%	June 2022 November 2022 March 2023
2021-22 Cooper Close TMO	3	-	1	-	2	-	-	33%	April 2022 July 2022 Awaiting update
2022-23 Leisure Services	1	0	0	0	0	0	1	0%	July 2022 Awaiting update
2022-23 Highway Maintenance	1	0	0	0	0	0	1	0%	May 2022 Awaiting update
2022-23 Library Services	4	0	0	0	0	0	4	0%	September 2022 Awaiting update

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		
Finance and Governance Department									
2019-20 Home Ownership - Garages	3	1	1	-	1	-	-	66%	April 2020 January 2021 November 2021 September 2022 March 2023
2020-21 Records Management	1	-	-	1	-	-	-	0%	March 2021 November 2021 June 2022 Awaiting update
2022-23 Housing Revenue Account	1	-	-	-	-	-	1	0%	August 2022 Awaiting update
Housing and Modernisation Department									
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

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		
									November 2022
2021-22 Major Works	3	1	1	1	-	-	-	66%	June 2022 July 2022 March 2023
2022-23 IT Disaster Recovery	4	-	-	2	2	-	-	0%	June 2022 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
Environment and Leisure Department		
2020-21 - Climate Change		
<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>Medium</p>	<p>Climate Change Director</p> <p>November 2021</p> <p>TBC</p>	<p>We were advised by the Climate Change Director that:</p> <p>(i) Complete - The terms of reference is in place for the officer and directors group steering meetings and these will be reviewed annually.</p> <p>(ii) Complete - While we have not co-opted black and minority ethnic representation to the Director's Steering Group, the group does already include directors from a black or minority ethnic background. In other groups that we are developing including with community partners, we remain cognisant of the need for diverse representation.</p> <p>(iii) Complete - Directors (and their deputies) from both services are included on the directors steering group.</p> <p>(iv) Ongoing - A programme risk register will be developed and reviewed quarterly at the directors steering group meetings.</p> <p>(v) Complete - An actions log has been implemented at the directors steering group meeting and minutes are already taken at these meetings</p> <p>Evidence pending</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>(i) Management 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 by:</p> <ul style="list-style-type: none"> ▫ Selecting a BAME engagement company to provide the service (this would support the Council in their current and future projects / programmes also) ▫ Approaching faith groups in the borough who have a large group of BAME members to complete questionnaires and/or to take part in interviews ▫ Advertise in the local BAME press for example The Voice Newspaper. <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>Medium</p>	<p>Climate Change Director</p> <p>September 2021</p> <p>TBC</p>	<p>We were advised by the Climate Change Director that work continues on the communications and engagement strategy. Alongside this, work is taking place to reach a range of audiences.</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>Medium</p>	<p>Climate Change Director</p> <p>April 2022</p> <p>July 2022</p> <p>TBC</p>	<p>We were advised by the Climate Change Director that:</p> <p>(i) Complete - We are not publishing a six-monthly report. Instead, we have published our action plan online that can be updated throughout the year. This will be quarterly in line with internal reporting on the climate action plan.</p> <p>(ii) Complete - this is on the forward plan for July 2022</p> <p>Evidence pending</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>(i) The Climate Change, transport and movement plans should be brought together and have one climate change plan and share resources to deliver them.</p> <p>Medium</p>	<p>Climate Change Director</p> <p>July 2021</p> <p>TBC</p>	<p>We were advised by the Climate Change Director that:</p> <p>(i) We do not agree with the recommendation that these are brought together. Instead, we are ensuring they are aligned. This work is ongoing. The sustainable travel plan (which updates the transport and movement plan) is being updated at the moment. The climate change team is working with colleagues in Transport planning to ensure alignment.</p>
2021-22 - South Dock Marina		
<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 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>Medium</p>	<p>Harbour Master</p> <p>June 2022</p> <p>November 2022</p> <p>March 2023</p>	<p>We were advised by the Harbour Master that the draft Business Case is currently under review with IT and Finance before submitting for final review. Implementation is likely to be in Q4. The payment system to be confirmed with Finance.</p>
2022-23 - Library Services		
<p>a) The Library Operations Manager should detail the roles and responsibilities of library staff and provide guidance on the escalation process of service-delivery issues within the Library Operations manual.</p> <p>b) To include a section within the Library Operations manual which outlines the reporting and monitoring arrangements for each library. This should provide guidance on the expected level of detail, who it is generated by, and where reports should be presented.</p> <p>c) The Library Operations Manager should review the Library Operations manual and ensure that it reflects the current operational process of the service. As part of the review, the review date, approver, and the proposed date should be clearly outlined.</p>	<p>Library Operations Manager</p> <p>a)/b) December 2022</p> <p>c) March 2023</p>	<p>We were advised that the Library Operations Manager is working with the Library Area Managers to update the operations manual (for parts a and b)- detailing the roles and responsibilities of library staff, provide guidance on the escalation process of service-delivery issues and add the reporting and monitoring arrangements for each library within the Library Operations manual. A full review of Operations manual will be completed by March 2023 (Library Management team will complete this review). The operations manual will then be reviewed annually.</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>Medium</p> <p>a) Timescales and milestones should be implemented for each action due, and a metric used to monitor progress towards achieving actions (for example, a red, amber, green system). Each update provided should be dated and signed off by the individual completing the update to add a level of accountability.</p> <p>b) At appropriate intervals, progress against actions in project plans should be reviewed to evaluate whether projects are on track for completion or whether corrective action needs to be taken for projects to meet the timescales identified. Implemented actions should be removed or clearly stated as completed by using the RAG rating system mentioned to ensure clarity over ongoing actions.</p> <p>Medium</p>	<p>Libraries & Heritage Manager</p> <p>September 2022</p> <p>November 2022</p>	<p>We were advised by the Libraries & Heritage Manager that this relates to libraries & heritage strategy action plan. Prior to Covid the L&H strategy action plan was reviewed quarterly at library management team meetings with actions identified. This has now been reinstated. Timescales, milestones, and RAG status & responsible officers have been added and are currently being reviewed and updated to ensure effective performance management.</p>
<p>a) The Library Operations Manager should explore methods of debt collection adopted by other libraries.</p> <p>b) The Council should obtain formal approval and authorisation from the strategic directors confirming that the Council will recover or not pursue outstanding debt in terms of library fines.</p> <p>Medium</p>	<p>Head of Culture</p> <p>September 2022</p> <p>December 2022</p>	<p>We were advised by the Head of Culture that debt recovery services have previously been investigated and found not to be cost effective due to the small amounts owing. It is very difficult to recover outstanding fines from individual customers many of whom owe only small discrete amounts. The costs for this outweigh the amounts recovered. Previous advice has been to write off these debts within an agreed time period. However, the library service is again exploring other mechanisms for debt recovery where possible e.g., where discrete amounts are considerably large and can be identified from one source/debtor.</p> <p>The Library & Heritage Manager is also working with Finance team to progress debt collection management options and potential “cut-off” amount.</p>
<p>a) The Library Operations Manager should maintain a log of the libraries that have had cash collected by G4S Services to ensure that there are clear records of instances where cash is not collected. The log should be reviewed by Senior Management monthly to ensure</p>	<p>Library Operations Manager</p> <p>August 2022</p> <p>March 2023</p>	<p>Part (a) - completed.</p> <p>Part (b) - we were advised by the Library Operations Manager that Libraries continue to review the performance of the service provided by G4S and if further failings arise, we will take appropriate action. In the current situation the library area managers maintain a record of the cash</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>that non collections are escalated where necessary and in a timely manner.</p> <p>b) A formal investigation should be initiated by Senior Management to review whether the services received by the service provider meet contractual expectations, and whether an alternative option should be considered where collections are not made in line with the contract, and the issue persists.</p> <p>Medium</p>		<p>collections and any instances of cash not being collected are escalated to the library operations manager and dealt with as a matter of priority. Further Review of G4S service for libraries will be completed by March 2023.</p>
Finance and Governance Department		
2019-20 - Home Ownership - Garages		
<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>Medium</p>	<p>Operations Manager</p> <p>November 2021</p> <p>September 2022</p> <p>March 2023</p>	<p>We were advised by the Operations Manager that the build is now underway, and progress has been good. The project is dependent on the availability of the i-world consultant - who is due to complete the build on 16 January 2023. The team is trying to arrange an earlier development day for completion. Once the build is complete the system needs to be tested for go live.</p>
Chief Executives Department		
2017-18 Land Charges		
<p>A review should be undertaken to identify the benefits, costs and risks associated with offering a personal search service undertaken by Council officers. This review should include the costs to the service and the possible implications should incorrect data be supplied, as well as whether the decision is in line with Council objectives. Alternatives should also be explored, such as offering the self-service at other Council buildings and</p>	<p>Planning support and land charges manager</p> <p>Group manager - validation and fast track</p> <p>March 2019</p> <p>May 2019</p> <p>December 2019</p>	<p>We were advised by the Planning support and land charges manager that there is no change, but it is expected that the service will move in 2023 to HM Land Registry as part of the move of the LLC register.</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>benchmarking against other Councils to identify best practice. The reasoning behind the decision should be documented and reviewed on a regular basis.</p> <p>Medium</p>	<p>June 2020 April 2023</p>	
Housing and Modernisation Department		
2021-22 Data Protection Compliance		
<p>a) A communication should be issued to all Service Areas Council-wide, reminding them of their obligations under GDPR to provide the requested information within the defined timeframe.</p> <p>b) The Council should implement an automated response email to requesters informing them their 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>Medium</p>	<p>Information Governance Manager</p> <p>December 2021 Completed</p> <p>June 2022 September 2022 December 2022</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 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.</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.</p> <p>Medium</p>	<p>Head of Law and Governance</p> <p>January 2022 September 2022 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 2022 meeting.</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
2021-22 Major Works		
<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 and responsibilities, and linked to starter and leaver procedures informed by HR/payroll.</p> <p>High</p>	<p>Interim Head of Investment/ Building Safety Lead/Business Owner of Apex and Asset Manager</p> <p>Completed</p> <p>30 June 2022</p> <p>30 November</p> <p>31 March 2023</p>	<p>We were advised that:</p> <p>a) This has now been completed.</p> <p>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>
2021-22 Disaster recovery		
<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"> - Procedures for invoking the Council's IT Disaster Recovery plan 	<p>Head of IT</p> <p>June 2022</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"> • Review on an annual basis what its tier 1 applications are, associated contacts, etc. • Ensure there is a matrix in place to measure DR testing over the past year. • Hold people to account.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<ul style="list-style-type: none"> - Business impact and risk assessments used to guide recovery planning - IT systems, applications and resources required by the Council and how they should be utilized in the event of a disaster - Backup and recovery procedures for Council's IT infrastructure, hardware, and systems - Location of alternative sites - Restoration, containment, and eradication procedures - Root cause analysis (including preservation of investigation evidence) - Contact information of critical third parties <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>High</p>		<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>
<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</p>	<p>Compliance Officer June 2022 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>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>maintained by the Council’s inhouse IT department which should include the following (but not limited to):</p> <ul style="list-style-type: none"> - System name and location - Departmental system owner - Supplier name - Agreed RTO and RPOs - Most recent annual DRP and BCP test date - License expiry date <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 systems they manage, ensuring updated 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>High</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>
<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</p>	<p>Head of ICT June 2022 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>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>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"> • The recovery objectives (Recovery Time Objectives, Recovery Point Objectives) for the systems <p>Medium</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 completed before any further work is undertaken on response plans to identify:</p> <ul style="list-style-type: none"> - Mission Critical Activities (MCAs), their dependencies and single points of failure - Recovery Time Objectives (RTO) for the Council’s Mission Critical Activities and their dependencies - Recovery Point Objectives (RPOs) for the MCAs - Impacts over time, including operational, media interest, contractual, reputation, financial loss, commercial interests’ risk <p>Medium</p>	<p>Compliance Officer June 2022 November 2022</p>	<p>We were advised by the Compliance Officer that the Council and STS are working with Risual to complete BIAs and risk assessments.</p>

APPENDIX 1

OPINION SIGNIFICANCE DEFINITION

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

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