INTERNAL AUDIT AND ANTI-FRAUD PROGRESS REPORT

London Borough of Southwark

For presentation to the Audit, Governance and Standards Committee

6 February 2023

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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. The remaining audits for the year are being scoped and are due to be completed from February to mid-April 2023.

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 increased from 86% to 87% since our last progress report in November 2022. We are awaiting updates and provision of evidence for several audits; therefore the actual implementation rate may be greater than 87%.

Internal audit plan 2023-24

The proposed internal audit plan for 2023-24 is presented to the Audit, Governance and Standards Committee under separate cover.

2. ANTI-FRAUD UPDATE

Due to the absence of key officers at the time of writing, this update will be provided as an addendum to the report.

3. SUMMARY OF WORK IN PROGRESS 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
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 October to December 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
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
TMOs – Use of Reserves	Director of Communities	20	✔	✔	✔ Final Report	Moderate	Limited
Complaints	Director of Customer Experience	20	✔	✔	✔ Final Report	Moderate	Moderate

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Cemeteries and Crematoria	Director of Leisure	20	✔	✔	✔ Draft Report		
Children's Quality Assurance Unit	Director of Children and Families	15	✔	✔	✔ Draft Report		
Covid-19 pandemic related expenditure	Director of Adult Social Care	14	✔	✔	✔ Draft Report		
Member Office Protocol	Director of Law and Governance	15	✔	✔	✔ Draft Report		
Solace Womens Aid – Contract Management	Director of Environment and Leisure	20	✔	✔	✔ Draft Report		
APEX Asset Management	Director of Asset Management	15	✔	✔	✔ QA		
Private Sector Licensing	Strategic Director of Finance and Governance	30	✔	✔	✔ QA		
Building Control	Director of Planning and Growth	15	✔	✔			
Hospitality and Gifts Register, Register of Interests	Director of Law and Governance	25	✔	✔			
Mental Health Services	Director of Adult Social Care	15	✔	✔			
Overtime	Director of Exchequer Services	15	✔	✔			
Pensions Administration	Pensions Manager	15	✔	✔			
Pupil Registry Systems	Director of Education	15	✔	✔			

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Safeguarding - adults	Director of Adult Social Care	20	✔	✔			
Markets	Director of Environment	20	✔	✔			
IT Applications Review	Director of Customer Experience	35	✔	✔			
Building Safety	Director of Asset Management	25	✔ Draft				
Voids	Director of Resident Services	20	✔ Draft				
Southwark Building Services – Service Improvement Plan	Director of Asset Management	20	✔ Draft				
Tenancy Management Organisations	Director of Communities	30	✔ Draft				
Parking Management & Estates Parking Permits	Director of Environment	15	✔ Draft				
Climate Emergency Strategy and Green Economy Plans	Strategic Director of Environment and Leisure	25	✔ Draft issued				
Use of Consultants/Payments to individuals outside PAYE/IR35	Director of Exchequer Services / Director of HR	20	✔ Draft				
Accounts Payable	Director of Exchequer Services	15	Scoping meeting held				

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Adopt London Partnership	Director of Finance	12	Scoping meeting held				
Housing Rents	Director of Exchequer Services	20	Scoping meeting held				

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
Charlotte Sharman Primary	Final Report	Moderate	Limited
Keyworth Primary School	Final Report	Moderate	Moderate
Southwark Inclusive Learning Service	Final Report	Moderate	Moderate
St Mary Magdalene Church of England Primary School	Final Report	Moderate	Limited
St Saviour's and St Olave's Church of England School	Final Report	Moderate	Limited
Dulwich Wood Primary School	Draft Report		
Haymerle School	Draft Report		
Peter Hills with St Mary's & St Paul's Church of England Primary School	Draft Report		
Oliver Goldsmith Primary School	Draft Report		
St Joseph's Junior School	Fieldwork		
St Jude's Church of England Primary School	Fieldwork		
Tuke School	Fieldwork		
St Peter's Church of England Primary School	March 2023		
Michael Faraday Primary School	March 2023		
Grove Children & Family Centre	March 2023		
St George's Church of England Primary School	March 2023		
St Joseph's Roman Catholic Primary School, George Row	March 2023		
Ilderton Primary School	April 2023		
Phoenix Primary School	April 2023		

4. EXECUTIVE SUMMARIES OF REPORTS FINALISED SINCE THE LAST MEETING

EL37 **TMO Reserves and Surplus Funds** November 2022	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	1
			Medium	4
	Moderate	Limited	Low	-

Purpose of audit:	To provide assurance over the design and operational effectiveness of the controls relating to the cyclical maintenance allowances received for Major Works by the TMOs and the Reserve and Surplus Fund accounts being maintained and managed by the TMOs.

Background:

The Council has 17 Tenant Management Organisations (TMOs) comprising of 4,630 properties, of which 2,988 are rented by the Council tenants and 1,642 are leasehold or freehold. The Council funds the TMOs by paying allowances to run services and host local offices. TMOs employ their own staff to provide the housing management services for the residents. The Council has a Modular Management Agreement (MMA) in place with each TMO, which is monitored on behalf of the Council by the Tenants Management Initiatives Team (TMI). The agreements outline the services that each party is responsible for in the management of housing stock including the financial control and accounting standards required to be maintained by the TMOs.

The Reserves Fund is set up by the TMOs on behalf of the Council to meet anticipated costs in future years resulting from under-spending on repairs and services, known commitments for future works and costs arising from unforeseen circumstances whereas the Surplus Fund is the efficiency savings made by the TMO and is therefore owned by them. TMOs are required to account for and report the Reserves and Surplus Funds per their MMA. Some TMOs may have a single account for reserves and surplus rather than two separate accounts per the requirement of the MMA. This may lead to confusion on money that is owned by the TMO, and money held on behalf of the Council. If the TMO ceases to operate and/or is dissolved, the money remains with the TMO for it to spend for the benefit of the organisation in accordance with its rules. Money held in the Surplus Fund is not returned to the Council if the TMO ceases to operate, unlike those held in the Reserve Fund, which will return to the Council.

The Council is responsible for major works for cyclical decoration and associated repairs, structural repairs, renewal of components, fixtures or fittings, and improvements to dwellings if it considers them to be necessary or desirable. The Right to Manage guidance published by the Ministry of Housing, Communities and Local Government (MHCLG) outlines guidance relating to schedules in the MMA for the TMOs.

The Council has produced four options relating to major works based on the guidance provided by the MHCLG. The Council and each TMO agrees to one of the four options in relation to Major Works.

• Option A: The Council conducts major works but agrees to consult the TMO in relation to them
• Option B: The Council enters major works contracts, but the TMO agrees to supervise them
• Option C: The TMO agrees to enter major works contracts and supervise them within the budget for major works contained within the allowances
• Option D: The Council and the TMO agree that more than one of the options A, B and C may operate concurrently.

TMOs are required to produce the audited annual accounts for the past financial year within six months from the end of the financial year. The accounts should show: a statement of the TMO's income and expenditure, the assets and liabilities of the TMO, other than items included above, the Major Works Account (if applicable), the Reserve Fund and the Surplus Fund.

Areas of strength:

- The audited financial statements for all 16 TMOs included areas per the requirement of the Modular Management Agreements (MMAs), such as income, expenditure, assets, liabilities, and major works account where applicable.
- The MMAs for all 16 TMOs included the requirement for the TMOs to have a separate Reserves and Surplus Fund accounts.
- The funds spent from the Reserves and Surplus Fund accounts were in line with the TMO delegated authorities.

Areas of concern:

- Five TMOs have cyclical decoration funds (total value over £1m) presented on their financial statements (period ending 31 March 2021) and have been paid this allowance since their inception, despite these TMOs opting for Option A or B in relation to cyclical decoration responsibilities. In three of the five cases payments of the allowance have stopped.
- Nine out of 16 TMOs did not have a separate Reserve and Surplus Fund reported on their balance sheet. The MMA requires the TMOs to report Reserve and Surplus Fund separately within the financial statements.
- One TMO did not have a minimum of 25% of the current financial year allowances maintained within the Reserve Fund.
- One TMO has an account titled 'Contractor's Fund'. The TMO Manager explained that this account is used as the Reserves Fund, however, there is no specific Reserves Fund account on the TMO's financial statements per the requirements of the MMA. Two TMOS do not present the Reserves Fund account on their financial statements, instead an accumulated surplus account is the deemed Reserves Fund on their financial statements.
- Eight TMOs did not have a separate Surplus Fund presented on their financial statements per the requirement of their MMAs.
- We compared the balances of Surplus Funds (for eight TMOs where a separate Surplus Fund was presented) as of 31 March 2021 with the previous year balances as of 31 March 2020. Five TMOs did not achieve the desirable efficiencies per best practice.
- The audited financial statements for twelve out of 16 TMOs were not finalised within six months of the end of 2020/21 financial year (by 30 September 2021) per the requirement of the MMA. The delays ranged from 3 to 132 working days.

FG09 **Complaints** January 2023	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	1
			Medium	1
	Moderate	Moderate	Low	1

Purpose of audit:	To provide assurance over the design and operational effectiveness of the controls relating to the Council's response to complaints, clarity of roles and responsibilities, documentation, timeliness of responses and closure of cases.	Added value:	We compared the Council's Corporate Complaints policy/procedures with other similar London Boroughs (Appendix I) and identified the following: • The sections included within the Council's policy cover all key areas and were in line with other councils. • The Council aims to acknowledge the complaint within three working days, which is in line with the average number of days when compared with other similar councils. • The Council aims to provide a response to the complainant (for Stage 1 complaints) within 15 working days, which is in line with the average number of days when compared with other similar councils. The Council aims to provide a response to the complainant (for Stage 2 complaints) within 25 working days which is slightly higher than the average number of days (21). Enfield Council (30 days) and Lambeth Council (25 days) were the only other councils which either have the same number of days or higher for a Stage 2 response, all other Councils have fewer number of days.

Background:

The Council is committed to achieving the highest possible standards of service and ethical standards in public life. The Council recognises the value of customer complaints and welcomes them as an important form of feedback on its services. The Council defines a complaint as *any expression of dissatisfaction about any of our services requiring a response.*

A complaint can be made by residents, local businesses, visitors to the borough, suppliers of services, community groups and any other groups or individuals that use or are affected by the Council's services. The Council also accepts complaints from people acting on behalf of someone else such as Councillors, Members of Parliament (MPs) and representatives. The Council accepts complaints in all formats, and they can be made in several ways, including via the Council website, completing a complaints form, via email, phone call or fax, writing to the Council, or in person at customer access points.

The Council operates a two-phase complaints process, which gives the complainant the right to have their complaint reviewed at more senior levels if they are dissatisfied with the outcome of the initial response.

- **Complaint phase (Stage 1):** The complaint is dealt with by officers, contractors or the service manager in the section providing the service. If the complaint is about the manager, a more senior member of the management team handles the complaint.

- **Review phase (Stage 2):** If the complainant is dissatisfied with the outcome of their complaint, the Customer Resolutions Team carries out an independent review of the complaint on behalf of the Chief Executive.

The time limit for a full response is 15 working days for the complaint phase and 25 working days for the review phase.

If a complainant is dissatisfied with the way the Council has handled their complaint at the end of the review phase, the complainant can contact the local government ombudsman or the housing ombudsman. The housing ombudsman considers complaints made about local authority services in their role as landlords while the local government ombudsman investigates complaints about most other local authority services.

Areas of strength:

- The Council has a complaints policy in place which is available to staff through the Council's intranet (TheSource). The policy is sufficiently detailed and includes all key sections such as how a complaint is handled, what information is needed to investigate a complaint, complaints resolution process, actions undertaken to put things right and financial compensation.

- From our review of the Council's website, we confirmed that the webpage on complaints is sufficiently detailed for the Council's customers, with key information such as the escalation process and complaint resolution timeframe being included.

- We identified that there is a lessons learnt template (in use since August 2022) which includes all key information such as the learning identified, action taken as a result of the complaint, complaint outcome, compensation if any etc. We reviewed some examples of the completed template to assess if these captured the required information adequately and found these to be satisfactory. We also reviewed the lessons learnt log maintained by the Complaints Team and noted that it is complete with all key information recorded.

- A periodic report (email) is sent to service managers, heads of services and directors which includes information on timeliness and promptness of the complaints handling process (Appendix II). We found the reports to be sufficiently detailed including the % of cases completed within the required timeframe per the policy, average number of days taken to complete the cases and a distribution of cases received by the Council categorised into Adult Social Care complaint, Advocacy, Children Act complaint, Comment, Corporate complaint, Compliment, Enquiry, Member complaint, Member enquiry, Ombudsman formal enquiry, Representation, Stage 2 complaint and Suggestion.

- The quarterly complaints reports for all departments, presented to the Chief Management Team including a breakdown of complaints has been provided for each service, detailing response times and root causes of each complaint.

- The action log maintained by the Complaints Team is sufficiently detailed. The Operations Manager advised that the log is updated at least monthly, and they are looking to update it more frequently (on a weekly basis).

Areas of concern:

- We reviewed a sample of 20 complaints (15 Stage 1 and five Stage 2) registered since 1 April 2022 to assess if acknowledgement letters were sent to the complainants and if a decision was provided to the complainant in accordance with the Council's Complaints policy. We identified the following exceptions:

- o In three cases, no evidence of an acknowledgement letter was available on the system

- o In 11 cases, a decision was not made for a Stage 1 complaint and communicated to the complainant within the required timeframe per the Complaints policy, delays ranged from two to 67 working days

- o In two cases, a decision was not made for a Stage 2 complaint and communicated to the complainant within the required timeframe per the Complaints policy, delays ranged from 19 to 97 working days as at the audit testing date (7 November 2022)

- o In nine cases, a caseworker was not assigned to the case within a reasonable timeframe (within one week) which potentially could have delayed the decision to be made within the timeframes per the policy.

- We reviewed the training arrangements in place to assess whether these were adequate to manage complaints appropriately and were periodically provided to staff dealing with complaints. The Complaints Manager and the Operations Manager explained that the training arrangements used to be in place but due to the introduction of recent changes such as in relation to capturing the lessons learnt, the training material needs revising. We were advised that the arrangements are ad-hoc and formal training arrangements are not in place.

5. SUMMARY OF RECOMMENDATIONS STATUS

Of the 429 high and medium recommendations relating to 2017-18 to 2022-23, that have fallen due as at 24 January 2023, we have confirmed with reference to evidence that 375 have been fully implemented or superseded, representing 87%. The chart shows the relative percentages for each of the four years.

The implementation rat7 for previous recommendations has increased marginally from 86% to 87% since the last report to the Committee. Whilst there are some longstanding recommendations from previous years that remain to be implemented, these have now reduced in number.
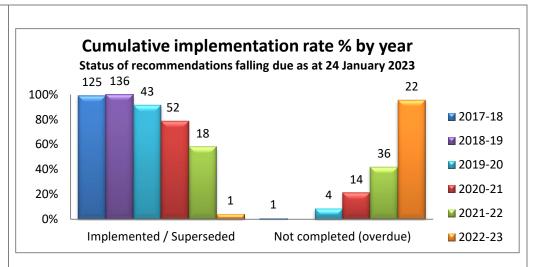
Several audits remain for which the required update was not provided by the date of reporting, which are indicated in our summary. The implementation rate may be higher than 87%. However, without management responses and supporting evidence, we cannot confirm this.

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.*

Cumulative implementation rate % by year

Status of recommendations falling due as at 24 January 2023

Legend:
- 2017-18
- 2018-19
- 2019-20
- 2020-21
- 2021-22
- 2022-23

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 2021~~ ~~December 2021~~ June 2021 - awaiting evidence
2020-21 Community Infrastructure Levy	1	-	-	-	1	-	-	0%	~~December 2020~~ July 2021 - 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~~ 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 2021~~ Awaiting update
2020-21 Supported Living	3	1	1	-	1	-	-	66%	~~September 2021~~ Awaiting update
2020-21	1	-	-	-	1	-	-	0%	~~September 2021~~

Audit Area	Total High & Medium recommendations due for implementation	Implemented		In progress at the follow up date		Awaiting update, revised date, or evidence		% Verified complete	Management Implementation dates
		H	M	H	M	H	M		
Travel Assistance									~~March 2022~~ September 2022 Awaiting update
2021-22 Youth Offending Team	3	-	-	-	3	-	-	0%	~~March 2022~~ September 2022 Awaiting update
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	-	3	-	1	-	-	75%	~~November 2021~~ March 2023
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	-	-	-	1	-	-	0%	~~July 2022~~ January 2023 - Awaiting evidence

Audit Area	Total High & Medium recommendations due for implementation	Implemented		In progress at the follow up date		Awaiting update, revised date, or evidence		% Verified complete	Management Implementation dates
		H	M	H	M	H	M		
2022-23 Highway Maintenance	1	-	-	-	1	-	-	0%	~~May 2022~~ January 2023 - Awaiting evidence
2022-23 Library Services	4	-	-	-	-	-	4	0%	~~September 2022~~ April 2023
Finance and Governance Department									
2019-20 Home Ownership – Garages	3	1	1	-	1	-	-	67%	~~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
2022-23 Insurance	2	-	1	-	1	-	-	50%	~~December 2022~~ June 2023
Housing and Modernisation Department									
2020-21 Software Asset Management	4	-	2	-	2	-	-	50%	~~March 2022~~ ~~September 2022~~ ~~December 2022~~ June 2023

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 Major Works	3	1	1	1	-	-	-	67%	~~June 2022~~ ~~July 2022~~ ~~March 2023~~ April 2023
2022-23 IT Disaster Recovery	4	-	-	2	2	-	-	0%	~~June 2022~~ ~~December 2022~~ March 2023

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		
2021-22 - South Dock Marina		
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. **Medium**	Harbour Master ~~June 2022~~ ~~November 2022~~ March 2023	We were advised by the Harbour Master that a review with IT and Finance ongoing regarding payment portal.
2022-23 – Library Services		
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. 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. 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. Medium	Library Operations Manager a)/b) ~~December 2022~~ February 2023 c) ~~March 2023~~ April 2023	We were advised that the New Library Operations Manager is working with Library Managers to complete a & b. A working group is being set up to review operations manual for part c. A review will be completed by end of April.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
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. 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. **Medium**	Libraries & Heritage Manager ~~September 2022~~ ~~November 2022~~ January 2023	We were advised by the Libraries & Heritage Manager that this is in progress.
a) The Library Operations Manager should explore methods of debt collection adopted by other libraries. 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. **Medium**	Head of Culture ~~September 2022~~ ~~December 2022~~ January 2023	We were advised that the low-cost debt due to unpaid fines and will be written off. There will be a meeting with the Finance team to discuss this further.
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 that non collections are escalated where necessary and in a timely manner. 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.	Library Operations Manager ~~August 2022~~ March 2023	Part (a) – completed. Part (b) – We were advised by the Library Operations Manager that a further Review of G4S service for libraries will be completed.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
Medium		
2022-23 Leisure Services		
a) The meeting minutes should record who is responsible for the action and the target date of implementation b) An update should always be recorded for an action where the target implementation date is in the past or at the day of the meeting c) Where an action is recorded as complete, the date of completion should be recorded for completeness. Medium	Head of Leisure Services January 2023	We were advised that: The minutes do now show all action owners and a target date Updates are regularly agreed and signed off by both the council and everyone active. The dates are put on the minutes once both parties have agreed an action is complete.
2022-23 Highway Maintenance		
a) The engineering Manager should enhance the K2 audit framework by: • Publishing guidance outlining the content and expectations on how an audit should be conducted and the required skillset /qualification of inspectors. • Strengthen the narrative requirements of audits, including inclusion of an overall assurance pass rating and provide clear written justifications as to why documentation such as photos are not present. • Ensuring there is explicit clarification as to whether an audit is virtual or physical. • Details of the target number of inspection audits which should take place each month to promote a consistent comparison of KPI performance for each period. b) To enhance the coverage of K2 audit inspection, the Engineering Services Manager should periodically	Engineering Services Manager ~~May 2022~~ January 2023	The Head of Highways has advised that there is no further development from the last update provided in November 2022, alongside examples of contract KPI targets. That update is repeated below for information: • A documented guidance procedure has been produced and group training provided on using the K2 audit system. • The required skillset/qualification of all staff is documented in their job description. Technicians and engineers undertaking audit inspections are qualified to undertake audits by virtue of their job role and experience. Trainees, apprentices etc. undertaking audits do so initially under the guidance of an experienced technician/engineer until they have reached an acceptable level of confidence. For Lot A works the Engineering Services manager has the final veto regarding whether an audit failure is valid or deemed to have been incorrectly allocated. • The requirements for audits including the overall assurance pass rating are a formal part of the current highways contract and are reported each month as part of the contractual performance mechanism . Each Audit area has its own contractual target. The process allows the Contractor to comment on the client audit decision and refute an audit failure if they have evidence that it

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
include a sample of random invoiced work orders to the audit schedule. b		is unjustified. The process also allows comments to be added to the audit including justification as to why relevant documentation such as photos are not present. Awaiting evidence
Finance and Governance Department		
2019-20 – Home Ownership – Garages		
b) Waiting lists should be moved onto iWorld to centralise the waiting list procedure. This would minimise the risk of the waiting list being manipulated and would increase the transparency in the awarding of garages. Changes made would be reflected in an audit trail and will be identified if unauthorised. This will also ensure that priority of application as recorded in the Garage Lettings and Voids procedure **Medium**	Operations Manager ~~November 2021~~ ~~September 2022~~ March 2023	We were advised by the Operations Manager that progress continues to be made, and a further development day is being booked for 31st January 2023 to iron out some technical issues. Testing is due to start in February and the team is still confident of go live 1 April 2023.
2022-23 – Insurance		
On a six-monthly basis, a formal review of claims received should be undertaken identifying if there has been an increase in types of claims or locations of claims. These should be discussed at management meetings and reported to relevant departments as necessary to identify actions to mitigate the incidence of claims in the future. **Medium**	Corporate Risk and Insurance Manager ~~December 2022~~ June 2023	We were advised by the Corporate Risk and Insurance Manager that: Regarding the claims review, the council's claims handlers are migrating to a new system this year which should go live in April. This will have better functionality to produce reports, including a monthly reporting package. Currently, the downloads provided still require quite a lot of manual formatting by myself to make it able to be shared and meaningful for the service to correctly identify claims to their relevant areas, which isn't something I have the capacity to do at the moment. We also intend to amend the codes under which claims are reported to assist with this.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
Housing and Modernisation Department		
2021-22 Software Asset Management		
i)Management should put in place a defined Software Asset Management Policy that documents the Council's procedures for the management of software, which should include, but not be limited to: • The procedures for the management of different types of software, including standard software, non-standard software, and line of business software • The procedures for the management of software assets throughout their lifecycle, including procurement, configuration, deployment, redeployment and decommissioning • The procedures for managing the software asset inventory, including software installation and registration and software removal • The arrangements for the transfer of licences when required • The roles and responsibilities of members of staff, including, but not being limited to, software misuse • The requirement for software audits to be performed on a regular basis, including the use of any appropriate audit tools. ii)The defined policy or procedure should be formally approved and communicated to members of staff and should be subject to regular review with a version control in place. Medium	Head of IT Applications ~~March 2022~~ ~~June 2022~~ ~~December 2022~~ June 2023	We were advised that the governance process for software intake has been implement with regular weekly meetings for Gateways in place as well as reviews. TDA ToR have been created and the process is mature now.
i)Management should carry out an exercise for collecting details and licensing information relating to	Head of IT Applications ~~June 2021~~	We were advised that there is a corporate application register in place, however it is not fully up to date. Therefore, an exercise to get a third

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
the Council's IT applications and update the Council's application register as necessary. This should include: • Business owners assigned to the 53% of applications that do not currently have a business owner • Software version number and the date it was last upgraded • Licencing information, including license type, product keys, location of the installation CD and expiry date. ii)Arrangements should be put in place for the application register to be reviewed on a more regular basis, including the requirement for application owners to report to the Head of IT Applications throughout the year with any corresponding changes documented in the register. This process should also be adopted by services who own their applications when not managed by the central IT application team. Alternatively, management should perform a cost benefit analysis for commissioning an automated software asset management tool to assist with software management. **Medium**	~~Sept 2022~~ ~~December 2022~~ June 2023	party to assist is taking place with the expected award to be made by 27 January 2023. Once in place, head of apps will ensure there are last update dates in place to ensure all apps are reviewed constantly. A separate exercise is taking place to review systems on legacy servers.
2021-22 Major Works		
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. b) Documented data quality standards should include a central registry for performance monitoring reports,	Interim Head of Investment/ Building Safety Lead/Business Owner of Apex and Asset Manager ~~30 June 2022~~ ~~30 November~~ ~~31 March 2023~~ April 2023	We were advised that: a) User guides are in place for work streams. New QA team in place to carry out validation checks of the quality of submitted data. SLA to be created to ensure that new/amended component data is uploaded in the correct format and against prescribed timeframes. Target Date April 2023 b) HOI report and risk register produced monthly, alongside KPI's, which are communicated within the asset management teams. Contractor meetings/minutes etc are not collated within the Apex system, however

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
meeting minutes and actions to support the management of contractors prepared by the project managers, and other departmental officers within the investment team.		these are documented and recorded on central IT systems and form part of the HOI monthly report. Within the Investment team, new resource has been recruited to review, develop, and enhance existing policies and procedures. (Action closed)
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. **High**		c) The Programme and Asset Team (aka Apex Team) have been reassigned from the Investment team, into the Building Safety Team as of November 2022. This change in line management and recruitment of additional staff allows for more focus on system management. With the imminent new IT solution, Apex system availability and access will be greatly reduced. A review of all users logging into Apex over the past 12 months has been undertaken and where no log-in has been attempted accounts have
		c) The Programme and Asset Team (aka Apex Team) have been reassigned from the Investment team, into the Building Safety Team as of November 2022. This change in line management and recruitment of additional staff allows for more focus on system management. With the imminent new IT solution, Apex system availability and access will be greatly reduced. A review of all users logging into Apex over the past 12 months has been undertaken and where no log-in has been attempted accounts have been suspend, with new user requests required to reactivate the account.
		It should be noted that Apex is only accessible with a fully operational Southwark account and hardware, as such staff who have left the organisation would not be able to access the system. In the new IT system new account requests and closure of accounts will form part of the new operating model. In addition the new system will have tiered access levels to prevent access to data which is not required and auto suspension of accounts after not logging in for a defined period. The system has full audit functionality and all access to data is logged and recorded within the system. The Building Safety Team will undertake quarterly assurance audits of users to ensure that access to the system is limited.
2021-22 Disaster recovery		
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	Head of ICT ~~June 2022~~ ~~November 2022~~	We were advised by the Head of IT that the Council has worked with Risual and created BIAs and BCPs and had the Emergency Response team as our senior stakeholders. All responsibilities have been clearly laid out.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
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: - Procedures for invoking the Council's IT Disaster Recovery plan - 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 The plan should be linked to the Council's Business Continuity Plan/Incident response plan. 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. 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.	March 2023	The Audit, Governance ad Standards Committee have been notified of the reasons for the delay at its meeting on 22 November 2022, and informed that this audit will be completed by March 2023 at the latest.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
High		
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): - System name and location - Departmental system owner - Supplier name - Agreed RTO and RPOs - Most recent annual DRP and BCP test date - License expiry date 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 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. 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.	Compliance Officer ~~June 2022~~ ~~November 2022~~ March 2023	We were advised by the Compliance Officer that: BCM toolkit created and detailed BIAs and BCP were created (only SAP outstanding, planned completion by the end of February 2023). Supplier DR plans also incorporated as well as the SLAs. All information provided to the Emergency Response Team.
High		
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	Head of ICT ~~June 2022~~ ~~November 2022~~ March 2023	We were advised by the Head of IT that: BIAs completed apart from SAP which will be done by the end of February 2023. Detailed BCPs submitted to the Emergency response team. They were involved in the whole collection process.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
the urgency with which they should be restored if disruption occurs. 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. 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: • The recovery objectives (Recovery Time Objectives, Recovery Point Objectives) for the systems **Medium**		
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: - 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 **Medium**	Compliance Officer ~~June 2022~~ ~~November 2022~~ February 2023	We were advised that: All BIAs completed with SAP system BIA outstanding. They have all been submitted to the Emergency Response Team. MCAs, RTO, RPOs have all been compiled. A meeting with the SAP supplier was held on 20 January 2023 to gather critical information.
2022/23 Software Licensing Management		
Processes for the management of software licences, including renewal processes, handling starters/movers/leavers with input from the Council's HR Service, liaison with business owners, storing	Head of Applications (London Borough of Southwark) July 2023	We were advised that the action relating to licencing procedures has been completed. The other actions will be implemented when the application register is completed. However, for some shadow IT services, this may not be possible as a central contracts register will be needed.

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licence agreements, monitoring licence utilisation, and updating central monitoring spreadsheets, should be formally documented, and communicated to all relevant staff. **Medium**	Head of Partnerships & Projects (STS) ~~January 2023 (STS)~~ July 2023	
a) An exercise to gather licensing information and evidence relating to 'line-of-business' applications is undertaken. An ongoing requirement that business System Owners provide ICT with relevant license evidence at the point of acquisition should be introduced. b) The process to be followed when entering /amending data regarding applications in the register is documented. This should include detail on which fields must be completed and the extent of evidence that should be retained and where, e.g., licence agreements. c) The corporate applications register is updated and maintained thereafter to ensure that all details are accurately captured, particularly in relation to licence details, dates of last review, IT support staff, business owners and whether the application is managed by ICT or the business area. d) Software licence agreements are in place, securely maintained and available for inspection when required for both the Council and STS. **Medium**	Head of Applications July 2023	We were advised that once the applications register is in place, the governance will be implemented by giving direct access to application owners.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
a) Management should develop a set of performance measurement metrics in relation to software licence management to ensure compliance with the terms and conditions of the licences, including: • Renewal due dates • licenses exceeded and • under-utilisation of licences b) Licence information should be regularly monitored and scrutinised to plan for demand for the ICT Service's resources and to ensure that licence conditions are complied with. c) Additional consideration should be given to assigning a dedicated role/resource for the co-ordination of software application contract renewals and licence monitoring, promoting liaison between the business and ICT, and enabling more efficient monitoring of software licensing activities. **Medium**	Head of Applications September 2023	We were advised that a requirement specification for an application register has been prepared and three suppliers requested to provide some options. The contract will be reviewed and awarded by the end of January 2023.

APPENDIX 1

OPINION SIGNIFICANCE DEFINITION

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

FOR MORE INFORMATION:

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