INTERNAL AUDIT AND ANTI-FRAUD PROGRESS REPORT

London Borough of Southwark

For presentation to the Audit, Governance and Standards Committee

17 July 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 and 2023-24 internal audit plans. It summarises the work we have undertaken, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards.

Internal audit methodology

We have agreed terms of reference for each piece of work with the designated audit 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 and annual report

The status of the audits commenced to date for 2022-23 is outlined within section 3 of this report. We are aiming to issue final reports for all work relating to 2022-23 by 30 June 2023.

Where reports have been finalised since the last meeting of the Committee, the executive summaries are included in section 5.

Our final annual report and head of internal audit opinion for 2022-23 is included on the agenda under separate cover.

Internal audit programme for schools

The fieldwork for all 2022-23 schools' audits has been completed and we are in various stages of quality assurance and reporting. 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 for 2022-23 is presented as a separate report.

We have agreed a work programme with the Director of Education for 2023-24 that will meet the assurance needs of the Council, and delivery commenced in June 2023. The schedule of schools was shared with the Committee by the Constitutional Team via email on 14 June 2023.

Internal audit plan 2023-24

The status of the audits commenced to date for 2023-24 is outlined within section 4 of this report.

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, including 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 Directorate Management Team with a request for an update on the status

and evidence to support implementation. Limited substantive testing is also completed where this is appropriate.

We completed a further follow up exercise and are pleased to report that the recommendation implementation rate has increased from 89% to 92% since our last progress report in June 2023.

Non Internal Audit assurance work completed since the last meeting.

Risk Management – we continue to provide administrative support to the Council on its risk management arrangements across the directorates.

Transparency Reporting – we continued to provide support and challenge to the Council in meeting its obligations for reporting of expenditure under the Local Government Transparency Code 2015.

2. ANTI-FRAUD UPDATE

Corporate Anti-Fraud investigations (CAFT)

CAFT investigations from 1 April 2023 to 30 June 2023:

2023-24	Corporate Anti-Fraud		Housing Waiting List		Right to Buy		Blue Badges	
	Open	Closed	Open	Closed	Open	Closed	Open	Closed
C/f	28		4		2		21	
April	11	*8*	5	*4*	5	*3*	1	*0*
May	11	*12*	6	*6*	1	*2*	1	*0*
June	12	*7*	6	*3*	3	*3*	2	*10*
Total	62	*27*	**21**	*13*	**11**	*8*	**25**	*10*

There are currently 35 active Corporate Anti-fraud Team investigations:

Chief Executives Office	3 cases
Children & Adult Services	6 cases
Environment, Neighbourhoods & Growth	3 case
Housing	4 cases
Finance	19 Cases

Fraud and Verification

Corporate Anti-Fraud Team conduct 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 2023 and 30 June 2023 FVT received 17 referrals, with 4 cases carried forward from the previous year:

- 9 have been denied.
- 2 have no further action.
- 1 Referred to Housing as no response.
- 8 Cases under review.
- 1 has been recommended to be maintained.

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 30 June 2023 there have been 9 referrals with 2 cases carried forward from the previous year:

- 7 were reviewed and no further action was required.
- 1 case has been denied.
- 3 cases under review.

Blue Badge

CAFT are supporting Blue Badge referrals as part of an Environment & Leisure Initiative which involves outsourcing the investigation and prosecution of Blue Badge irregularities to an external contractor.

CAFT receives reports of alleged Blue Badge fraud and misuse. Cases concerning badges issued outside the borough will be forwarded to the issuing authority. Reports concerning repeat sighting will be referred to BBFI. Retrospective single sighting with no information of the driver or vehicle occupants do not provide sufficient evidence to progress any investigation. These will normally be reported to the Blue Badge team to follow up with the badge holder to confirm the badge remains in their possession.

Between 1 April and 30 June 2023 CAFT have received 4 referrals. 21 cases were carried forward from the previous year:
- 16 cases have been referred to BBFI
- 7 Cases have been closed no further action
- 2 cases have been transferred out (Complaints)

During routine patrol the external contractor has recovered 27 badges either stolen or misused. 14 were issued by Southwark Council. The remaining 13 badges have been returned to the issuing authorities.

National Fraud Initiative (NFI) 2022/23 Biannual Exercise

The Cabinet Office – NFI released the data matches in January 2023. The fraud risk identified 4,387 matches.

High Risk	858
Medium Risk	1731
Low Risk	1457
Nil	341

Summary

Processed matches	2889
Investigating	129
Cleared	2676
Frauds	12
Errors	201
Total Outcomes	£84,067.17

Electoral Roll to Council Tax Annual (2023) Data Matching

Council Tax to Electoral Register:
Cases	3044
Outcome	£348,973.50

Council Tax rising 18s:
Cases	34
Outcome	£9083.03

Housing Tenancy Fraud

The special investigation team (SIT) within housing department (Residents Services), investigates housing tenancy fraud in respect of the housing stock owned and managed by the council and other social housing where legislation directs that a local authority has specific responsibility. This includes cases of unlawful subletting, non-occupation, succession, assignment, mutual exchange, and right to buy unless otherwise agreed. SIT undertakes reactive and proactive investigations.

Summary of Reactive Investigations 2023-24

2023-24	Investigations Opened	Investigations Closed	Properties Recovered	Tenancy Prevented	RTB prevented	Other Positive outcomes
C/f	402					
April	10	24	2			
May	13	14	0		1	3
June	19	15	3	1		1
Total	444	53	5	1	1	4

NB: The carried forward figure for open cases includes proactive cases due for closure once new data matching in undertaken

Proactive Investigations

National Fraud Initiative (NFI):

SIT continues to work on housing tenancy related matches under the NFI; of 1,024 initial matches released in January 2023 174 have been closed to date with a further 45 under investigation.

Operation Silver II:

A further exercise to data match tenancies to enable intelligence led tenancy checks to be undertaken by Residents Services Officers will take place in 2023/24 to support the counter fraud work and residents services wider responsibilities.

Data matching is due to commence in Q2.

Transparency Data

In 2015 the Local Government Transparency Code was revised and published with a requirement to publish the following information about counter fraud work annually. The table below shows the required data for SIT:

Transparency Data	Q1	Q2	Q3	Q4	Total
Number of occasions used Prevention of Social Housing Fraud powers	5				5
Number of FTE Investigators/prosecutors	9				9
Number of FTE accredited counter fraud officers	8				8

Transparency Data	Q1	Q2	Q3	Q4	Total
Total Spend £000's (YTD)	157				157
Total Number of cases investigated (cases closed)	53				53

Staff and Recruitment

CAFT currently consists of 2 x Senior Investigator (one is currently acting up as Interim Team Manager) and 1 Fraud & Verification Officer. Current vacancies exist for 1 x Team Manager, 1 x Senior Investigator and 1 x Anti-Fraud Trainee. A recruitment exercise is underway to fill various posts within the team.

SIT has a compliment of a manager and 8 investigations officers. During Q1 three staff have been on long term absence with an associated reduction in capacity. 1 of these has now returned to work.

Other activities

- SIT officers are attending residents services patch teams meetings to provide an overview/update of the service and activities. To date one team meeting has been attended and arrangements are being made to attend a further 3 meetings.
- CAFT delivered awareness training to various service users in the interpretation of credit reference data. (20 attendees).
- CAFT members attended Tackling money laundering and illicit finance webinar - external provider.
- CAFT members attended webinar Combatting fraud with data and intelligence led preventative strategies – external provider
- CAFT provided due diligence guidance in preparation for the Education Business Alliance, Children and Adult Services Scholarship Reviews taking place 10th to 28th July 2023.

3. SUMMARY OF INTERNAL AUDIT 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	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
FINAL REPORTS – PREVIOUSLY PRESENTED TO THE AUDIT, GOVERNANCE AND STANDARDS COMMITTEE						
Adult Learning Services	Director, Education	✔	✔	✔ Final Report	Moderate	Substantial
Buyback of Properties	Director, Customer and Exchequer Services	✔	✔	✔ Final Report	Substantial	Substantial
Cemeteries and Crematoria	Director, Leisure	✔	✔	✔ Final Report	Moderate	Moderate
Children's Quality Assurance Unit	Director, Children and Families	✔	✔	✔ Final Report	Moderate	Moderate
Complaints	Director, Customer and Exchequer Services	✔	✔	✔ Final Report	Moderate	Moderate
Contracts Register (continuation work)	Assistant Chief Executive – Governance and Assurance	✔	✔	✔ Final Report	Moderate	Limited
EU Project URBACT Thriving Streets - Phase 3 – Grant Audit	Director, Environment	✔	✔	✔ Final Report	NA Grant audit	NA Grant audit
Finance and Governance Service Reviews (Advisory)	Strategic Director, Finance and Governance	✔	✔	✔ Final Report	NA Advisory	NA Advisory
General Ledger	Director, Customer and Exchequer Services	✔	✔	✔ Final Report	Moderate	Moderate

Audit	Director / Audit Sponsor	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
IT - Software licence management	Chief Digital and Technology Officer	✔	✔	✔ Final Report	Limited	Limited
Mental Health Services	Director, Adult Social Care	✔	✔	✔ Final Report	Moderate	Moderate
No Recourse to Public Funds	Director, Communities	✔	✔	✔ Final Report	Moderate	Limited
Protect and Vaccinate Funding – Grant audit	Director, Finance	✔	✔	✔ Final Report	NA Grant audit	NA Grant audit
Special Education Needs (SEN)	Director, Education	✔	✔	✔ Final Report	Moderate	Moderate
Supporting Families - Grant Audit	Director, Children and Families	✔	✔	✔ Final Report	NA Grant audit	NA Grant audit
TMOs – Use of Reserves	Director, Resident Services	✔	✔	✔ Final Report	Moderate	Limited
FINAL REPORTS – EXECUTIVE SUMMARIES INCLUDED IN THIS PROGRESS REPORT						
Accounts Payable	Director, Customer and Exchequer Services	✔	✔	✔ Final Report	Moderate	Moderate
Community Engagement (Advisory Review)	Director, Communities	✔	✔	✔ Final Report	NA Advisory	NA Advisory
Covid-19 Pandemic Expenditure	Director, Commissioning	✔	✔	✔ Final Report	Moderate	Moderate
Markets	Director, Environment	✔	✔	✔ Final Report	Moderate	Moderate

Audit	Director / Audit Sponsor	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Member/Officer Protocol	Assistant Chief Executive – Governance and Assurance	✔	✔	✔ Final Report	Moderate	Limited
New Homes Programme	Director, Asset Management	✔	✔	✔ Final Report	Substantial	Moderate
Overtime (Advisory Review)	Director, People and Organisational Development	✔	✔	✔ Final Report	NA Advisory	NA Advisory
Payroll and HR	Director, People and Organisational Development	✔	✔	✔ Final Report	Moderate	Moderate
Pensions Administration	Pensions Manager	✔	✔	✔ Final Report	Substantial	Moderate
Public Health – Tobacco Control	Director, Public Health	✔	✔	✔ Final Report	Moderate	Moderate
SEND Finance	Director, Education	✔	✔	✔ Final Report	Moderate	Limited
Supplier Resilience – Council wide review	Assistant Chief Executive – Governance and Assurance	✔	✔	✔ Final Report	Limited	Limited
Tenancy management Organisations - Applegarth	Director, Resident Services	✔	✔	✔ Final Report	Moderate	Moderate
Tenancy Management Organisations - Brenchley Gardens	Director, Resident Services	✔	✔	✔ Final Report	Limited	Limited
Tenancy management Organisations - Delawyk	Director, Resident Services	✔	✔	✔ Final Report	Substantial	Substantial

Audit	Director / Audit Sponsor	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
DRAFT REPORTS ISSUED						
Building Control	Director, Planning and Growth	✔	✔	✔ Draft Report 6 Jul 2023		
Building Safety	Director, Asset Management	✔	✔	✔ Draft Report 30 Jun 2023		
Climate Emergency Strategy and Green Economy Plans	Climate Change and Sustainability Director	✔	✔	✔ Draft Report 27 Jun 2023		
Hospitality and Gifts Register, Register of Interests	Assistant Chief Executive – Governance and Assurance	✔	✔	✔ Draft Report 12 Jun 2023		
Housing Rents	Director, Customer and Exchequer Services	✔	✔	✔ Draft Report 19 May 2023		
IT - Applications Review	Chief Digital and Technology Officer	✔	✔	✔ Draft Report 5 Jul 2023		
IT – Cloud Computing Maturity	Chief Digital and Technology Officer	✔	✔	✔ Draft Report 5 Jul 2023		
Mosaic	Director, Adult Social Care and Director, Children and Families	✔	✔	✔ Draft Report 26 Jun 2023		

Audit	Director / Audit Sponsor	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Parking Management & Estates Parking Permits	Director, Environment	✔	✔	✔ Draft Report 23 May 2023		
Private Sector Licensing	Director, Environment	✔	✔	✔ Draft Report 19 May 2023		
Safeguarding - Adults	Director of Adult Social Care	✔	✔	✔ Draft Report 27 Jun 2023		

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 July 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
Haymerle School	Final Report	Moderate	Moderate
Ilderton Primary School	Final Report	Moderate	Moderate
Peter Hills with St Mary's & St Paul's Church of England Primary School	Final Report	Moderate	Limited
Oliver Goldsmith Primary School	Final Report	Moderate	Moderate
Dulwich Wood Primary School	Final Report	Moderate	Limited
St Joseph's Junior School	Final Report	Moderate	Moderate
Phoenix Primary School	Final Report	Moderate	Moderate
Tuke School	Draft Report 26-May 2023		
Michael Faraday Primary School	Draft Report 23-Jun 2023		
St Joseph's Roman Catholic Primary School, George Row	Draft Report 22-Jun 2023		
St Peter's Church of England Primary School	Draft Report 26-Jun 2023		
Grove Children & Family Centre	Draft Report 09-Jun-23		

School	Status	Design	Operational Effectiveness
St George's Church of England Primary School	Draft Report 30-Jun-23		
St Jude's Church of England Primary School	Draft Report 30-Jun-23		
Crawford Primary School	Draft Report 30-Jun-23		

4. SUMMARY OF INTERNAL AUDIT PLAN 2023-24

The table below outlines all agreed work at the time of writing. The status of audits commenced to date is also provided.

Audit	Director / Audit Sponsor	ToR issued	Fieldwork (planned / indicative)	QA / Reporting	Design	Operational Effectiveness
Children and Adult Services Directorate						
Adopt London Partnership	Director of Childrens Services / Director of Finance	Scoping	21 Aug 2023			
Care Leavers	Director, Children and Families	Planning	Q3			
Direct Payments	Director, Adult Social Care	Scoping	31 Jul 2023			
Family Hubs and Start for Life	Director, Childrens Services	✔	✔	✔	NA Grant audit	NA Grant audit
Health and Wellbeing Strategy	Director, Public Health	Scoping	Q4			
Home to School Transport	Director of Education	✔	✔			
Legal Fees	Director, Children and Families / Assistant Chief Executive – Governance and Assurance	Planning	9 Aug 2023			
Pupil Registry Systems	Director of Education	✔	✔			
Service Assurance / Change Programme Review	Strategic Director, Children and Adult Services	Planning	Q2 / Q3			

Audit	Director / Audit Sponsor	ToR issued	Fieldwork (planned / indicative)	QA / Reporting	Design	Operational Effectiveness
Supported Families - Grant Audit	Director, Children and Families	Planning	Quarterly, starts Jul 2023			
Environment, Neighbourhoods and Growth Directorate						
Estates Cleaning and Grounds Maintenance	Director, Environment	Planning	Q3			
Leisure Services – Advisory	Director, Leisure	Scoping	10 Jul 2023			
Leisure Services – Assurance	Director, Leisure	Scoping	11 Dec 2023			
Major Regeneration - Programme & Projects	Director of Planning and Growth	✔	✔			
Planning Applications and s106 Agreements	Director, Planning and Growth	✔	✔			
Tree Management Service	Director, Leisure	Scoping	18 Jul 2023			
Finance Directorate, including IT audits						
Accounts Receivable and Debt Management	Director, Customer and Exchequer Services	Planning	Q3			
Budgetary Monitoring and Reporting	Director, Finance	Planning	Q3			
Capital Expenditure Management – General Fund	Director, Finance	✔	✔			
Capital Expenditure Management – Housing Revenue Account	Director, Finance	✔	✔			
Contract Management	Head of Procurement	Planning	Q3			

Audit	Director / Audit Sponsor	ToR issued	Fieldwork (planned / indicative)	QA / Reporting	Design	Operational Effectiveness
Cost of Living Fund	Director, Customer and Exchequer Services	Planning	Q3			
Fairer Future Procurement Framework	Head of Procurement	Planning	Q3			
Home Ownership – Garages	Director, Customer and Exchequer Services	Scoping	10 Jul 2023			
Housing Benefits	Director, Customer and Exchequer Services	Planning	Q3			
Mosaic	Director, Customer and Exchequer Services	Planning	Q4			
Payments to individuals outside of PAYE / IR35	Director of Exchequer Services / Director of HR	✔	17 Jul 2023			
Pensions Administration	Pensions Manager	Planning	Q4			
Service Assurance / Change Programme Reviews	Strategic Director, Finance	Planning	Q3			
IT – Asset / Hardware Management	Chief Digital and Technology Officer	Planning	Q3			
IT – Cyber Security	Chief Digital and Technology Officer	Planning	Q2			
IT – Service Review	Chief Digital and Technology Officer	Planning	Q4			
IT – Shared Service Governance	Chief Digital and Technology Officer	Planning	Q2			
Housing Directorate						
Housing Adaptations	Director, Asset Management	Scoping	24 Jul 2023			

Audit	Director / Audit Sponsor	ToR issued	Fieldwork (planned / indicative)	QA / Reporting	Design	Operational Effectiveness
Housing Solutions - Applications and Allocations	Director, Resident Services	Planning	Q3			
Service Assurance / Change Programme Reviews	Strategic Director, Housing	Planning	Q3			
Social Housing Act	Director, Resident Services	✔	✔			
Southwark Building Services – Service Improvement Plan	Director of Asset Management	✔	✔			
Statutory Disrepairs	Director, Asset Management	Planning	4 Sep 2023			
Temporary Accommodation Budget Recovery Board - Advisory	Director, Resident Services	Ongoing	Ongoing			
Tenancy Management Organisations (TMOs) Cyclical Reviews	Director, Resident Services	Scoping	31 Jul 2023			
Tenancy Management Organisation – Objection Review	Strategic Director, Housing and Strategic Director, Finance	Scoping	10 Jul 2023			
Voids	Director of Resident Services	✔	✔			
Strategy and Communities						
Council Delivery Plan	Assistant Chief Executive, Strategy and Communities	✔	✔			
Equality, Diversity, and Inclusion Maturity Assessment	Assistant Chief Executive, Strategy and Communities	Planning	Q2			
Economic Renewal Plan / Strategy	Assistant Chief Executive, Strategy and Communities	Planning	Q3			

Audit	Director / Audit Sponsor	ToR issued	Fieldwork (planned / indicative)	QA / Reporting	Design	Operational Effectiveness
Governance and Assurance						
Payroll	Director, Customer and Exchequer Services	Planning	Q4			
Records management	Assistant Chief Executive / Director, HR, FM, and ICT	✔	7 Aug 2023			
Sickness Absence Management	Director, People and Organisational Development	✔	✔			
Staff recruitment and vetting	Director, People and Organisational Development	Planning	Q3			
Integrated Care System						
Partnership governance and integration of services	Joint leadership role with the ICB	Planning	Q2			
Commissioning of services	Director, Commissioning	Planning	Q3			

5. EXECUTIVE SUMMARIES OF REPORTS FINALISED SINCE THE LAST MEETING

TR21 Overtime (Advisory Review) June 2023	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	3
	N/A - Advisory	N/A - Advisory	Low	-

Purpose of review:	To review the adequacy of the Council's arrangements and key operational and financial controls in place relating to overtime payments.

Background:

The Council has approximately 4,700 employees who are processed on the Council's monthly payroll. The Payroll Team is responsible for making the payments based on the information received from the HR Transaction Team. Within the Customer and Exchequer Services of the Finance Department, the Council has the Financial Control & Processing (FC&P) and Payroll Team which – at the time this audit began – included the officers responsible for SAP Payroll management.

The Council operates an employee self-service (ESS) system for processing and approval, including sickness, unpaid leave and overtime. If individuals cannot access the system, managers can do this on their behalf through Manager Self Service (MSS). There are some services that are not on ESS such as Southwark Cleaning where managers issue payroll with MS Excel documents of time to be compensated which is then processed. One way of recording time is an employee recording the additional hours through ESS. The other way is that each operative completes the time sheet on a weekly basis, which is then signed off by their supervisor. Once the time sheet is signed off, the manager completes the Winshuttle spreadsheet which is then forwarded to the Payroll Team and is processed for payment.

When the monthly payroll is processed, the Payroll team checks what goes through the system. The team then identifies staff with high overtime payments. The team reviews their payslips and query these cases which are logged in through ESS and MSS. The Council's HR service is not involved in the overtime approval process.

Our 2021-22 internal audit on the Council's HR and Payroll systems included data analytics on the overtime report for the period April 2021 to February 2022. We noted that a total of 1,329 employees (28%) out of a total of 4,740 had worked overtime in the period and we reported several exceptions to existing practices. We shared the results of the data analytics with management who agreed that they were aware of the concerns around overtime and were keen to have this area audited separately.

Areas of strength:

- The Housing Department's building services team pays the highest amount of overtime in terms of hours and payments. We were able to confirm that overtime hours are assigned to the worker by their Line Manager prior to the completion of the shift. The hours are then entered on ESS by the worker and approved by the Line Manager for payment. Managers ensure that all trade staff receive their mandated 11 hours of rest breaks when scheduling them in for shifts.

- The Environment, Neighbourhoods and Growth department was the second highest contributor to overtime figures, through high overtime hours for Waste and Cleansing Team workers. Through interviewing the four area managers in the team we found that all staff have equal opportunities to work overtime but some staff prefer to and have the availability to do overtime whilst some don't which leads to the large amount of overtime earned by the same staff. The Council has a large night-time and weekend economy due to the numerous bars, clubs and markets that are located within the Borough, so cleaning staff need to be scheduled for overtime shifts to complete work at these times and therefore the high levels of overtime are appropriate. We were able to confirm that the Waste and Cleansing Team use timesheets effectively to record their team's working hours. All overtime is agreed between the staff and manager prior to scheduling them to the shift and all timesheets are approved by the Manager before the overtime hours are sent to Payroll for payment.

- We were provided with sufficient evidence such as the employee's timesheets and MSS approval to show that a sample of the overtime claims in January 2023 for the top 10 overtime earners were approved appropriately and seemed appropriate considering the terms and conditions of their employment.

- From our review of the ten highest overtime earners between April 2022 and February 2023, we found that the overtime claims were made in a timely manner.

Areas of concern:

- There are inadequate policies and procedure documents that govern the processes in relation to overtime payments therefore insufficient guidance is in place for employees and managers especially on the timeliness of inputting claims. The Remuneration policy does not have a next review date and information on who reviewed and approved the document.

- Whilst the year-to-date overtime data was being presented to the Strategic Director of Finance and Governance, the data is not analysed for trends. Monitoring and reporting on overtime is also not completed at a departmental level to help identify the root cause of the high overtime figures. The overtime data is not complete, with some employees not having details on their department and team input which would skew the results of any data analysis performed.

- The [now] Housing Directorate has identified that their high overtime payments are an issue that needs to be tackled and are working towards this. One specific action the directorate has identified is to review the Trade and Craft Agreement 2021 to ensure it provides fair terms that are beneficial to both the Council and the technicians. This will require support from HR and engagement with trade unions.

KFC07 **Accounts Payable** June 2023	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	1
	Moderate	Moderate	Medium	2
			Low	1

Purpose of audit:	To provide continuing assurance on the adequacy of the design and operational effectiveness of internal controls in managing accounts payable processes via SAP, to ensure that they are promptly and effectively brought into use. We reviewed the effectiveness of the processes relating to vendor set up and amendments, raising and approval of purchase orders, payment processing and approvals.	Added value:	We completed a set of data analytics for the following areas: - Duplicate payments. - Transactions processed without a vendor number. - Vendors with same vendor name or address but different bank details. - Vendor bank details matching employee bank details. - Duplicate vendor numbers or bank accounts. - Payments not made to vendors within 30 days of invoice date.

Background:

The Council's main financial system is SAP which records accounts payable transactions. SAP allows invoices to be scanned onto the system and electronic purchase ordering /invoice approval is linked to the Council's scheme of management. The Financial Control and Processing (FC&P) Team within the Exchequer Service division supports the processing of these transactions.

Departments across the Council are expected to raise purchase orders electronically through SAP. These are work-flowed to the relevant individuals or sent via email, which are the sources of evidence and sign off for the FC&P Team to raise orders electronically. The process requires them to send an email to the FC&P Team confirming the receipt of goods. Once the purchase order, invoice and goods received note are completed using a three-way matching system, the invoice is processed for payment.

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

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

Areas of strength:

- Based upon our sample of ten new vendors set up on SAP in the period 1 April 2022 to 31 March 2023, we confirmed that adequate due diligence checks were completed and relevant documentation (a new vendor form, evidence of Companies House check, contact details and bank details) was retained for all ten samples. There was also a segregation of duties between the approver and the reviewer.
- We reviewed a sample of ten vendors whose bank account details were amended between 1 April 2022 and 31 March 2023 and confirmed that appropriate evidence of checks made with the vendor (using the contact details held on SAP to confirm the legitimacy of the requested changes) was retained. We identified that vendor amendment forms were retained on SAP in all ten cases. We also confirmed a segregation of duties between the requester and approver.
- We selected a sample of 15 direct payments (which do not involve a purchase order) made between 1 April 2022 and 31 March 2023 and confirmed that all 15 had been appropriately authorised. A Winshuttle form was retained on the system, with the correct amount listed and reconciling with SAP. The purchases were signed and dated by the requester and authoriser, with segregation of duties between the approver and processor and appropriate approval per the scheme of management evidenced.

Areas of concern:

- No assurance could be provided in relation to accounts payable system access (whether an access request form was in place, had been appropriately signed off, and access rights were appropriate to job role) as we have not received sufficient evidence.
- We compared a list of SAP users (PO approvers and inputters, and invoice inputters) against a list of leavers since 1 April 2022 and found that six users continued to have access to the system after having left the Council.
- We selected a sample of 20 transactions (1 April 2022 to 28 February 2023) and found that there were two incorrectly approved purchase orders (one was raised and approved by the same individual; another was approved by a staff member without the delegated authority per the scheme of management), and five purchase orders were raised after the receipt of invoices.
- Using the sample in Finding 2 above, we found that six invoices were paid after more than 30 days, with no reasoning provided. As part of data analytics testing, we compared the date of invoice with the payments date to identify the compliance rate of all payments made in the period 1 April 2022 to 28 February 2023. We found that payment was made within 30 days of the invoice date in 68% of transactions. Data analytics highlighted that there were vendors without bank details allocated to them on the Council's AP system, and instances where vendors with different names had the same bank details.

CAS11 **Public Health – Tobacco Control** June 2023	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	**Operational effectiveness**	High	-
			Medium	1
	Moderate	**Moderate**	Low	2

Purpose of audit:	To ensure that the Council has adequate and effective controls in place to help mitigate the risk that Southwark will not be smoke-free by 2030. We used the Tobacco Control Plan for England, the Khan Review, NICE Guidelines and the CLeaR self-assessment tool to guide our testing.

Background:

Tobacco Control is a range of supply, demand and harm reduction strategies that aim to improve the health of the population by eliminating or reducing their consumption of tobacco products and exposure to tobacco smoke. (WHO, 2003)

The latest national Tobacco Control Plan 2017-22 aims to create a smoke-free generation by 2030 meaning only 5% of the population would smoke by then.

A review by Dr Javed Khan published on 09/06/22 concluded that without further intervention, England will miss the 2030 target by seven years and the poorest areas in society will not meet it until 2044. The review made the following critical recommendations:

1. Increased investment totalling £125m per year.
2. Increase the age of sale of tobacco from 18.
3. Promote vaping as an evidenced-based way to quit smoking.
4. Improve prevention in the NHS.

Public Health England has launched CLeaR, which is an evidence-based approach to tobacco control that every local authority can use to measure success of local action to address harm from tobacco.

The Council's Tobacco Control strategy (Breaking the Chain) expired in 2020 and they are in the process of developing a new one to incorporate the actions from the Khan review.

Areas of strength:

- We tested whether Key Performance Indicators (KPIs) are in place and regularly monitored/reported. There is clear commonality (i.e. success rate of quits) between the KPIs being monitored, enabling the Council to draw common themes between different areas:
  o The Head of Public Health Intelligence is developing a process to share KPI's with the Senior Management team (SMT), which includes the Director of Public Health.

- o Since January 2023, Everyone Health, the main provider of the Stop Smoking Service, has quarterly performance review meetings which review performance against KPIs and outline summary actions.
  - o Since 2021/22, there are KPIs to monitor the quarterly performance of the providers of the Stop Smoking Service (Everyone Health and three pharmacies) in terms of the number of quits.
- Partnership working:
  - o Planned partnership with South London & Maudsley (SLaM): The SLaM NRT scheme will provide nicotine replacement therapy (NRT) for patients (excluding inpatients) who have tried but cannot access NRT through the Southwark community Stop Smoking Service. SLaM advisers will access NRT from Maudsley pharmacy and administer the NRT to these patients and will also provide ongoing behavioural support. The scheme will support up to 100 patients in the year to a budget of £20k. This involves working in partnership with South London & Maudsley NHS Trust and NHS ICB to ensure any patients with complex needs and access issues to Southwark's local Stop Smoking Service can receive NRT.
  - o Partnership with Guys and St. Thomas NHS Foundation Trust (GSTT) – NHS Targeted Lung Health Check programme in partnership with GSTT: The Council welcomed screened smokers in the low-risk pathway into their service (trial run in Southwark November 2022-February 2023 and is returning in June 2023). This involved screening all current and ex-smokers aged 55-74 for lung problems. Those contacted were assessed and triaged into high or low risk pathways. Southwark's Stop Smoking Service provider, Everyone Health, dealt with the low-risk referrals (the Council is currently analysing reasons for low uptake and any patients lost to follow up on the low risk model).
- The Southwark Stop Smoking Service budget report for 2022/23 shows that as all pharmacotherapy (NRT) costs from the ICB were not reclaimed last year, the Council received a lump reclaim amount of nearly £71,000 in December 2022. Therefore, they underspent last year and have accrued this sum into the 2023/24 budget. The budget is kept under regular review by the Public Health division and further scrutinised by Finance and SMT (annually).
- The Council has an evolving strategy for insight research and targeted local marketing campaign to promote Southwark's Stop Smoking Service amongst hard-to-reach and emerging smoking groups (routine and manual workers, and young people).

Areas of concern:
- Further analysis of the latest Census 2021, Annual Population Survey and Stop Smoking Service data is required to shape initiatives to engage hard-to-reach groups.
- The CLeaR self-assessment tool provides Local Authorities with an evidence-based approach to measure success of local action to address smoking. At the request of the Public Health team, we evaluated how the Council is meeting sections 14.1-14.3, 15.1-15.4 and 15.6. We concluded that the Council met the requirements for three out of eight questions, and the remainder are a work in progress.
- Roles and responsibilities relating to tobacco control in the Public Health Division and more widely (across the Council and its partners), and how these link together, are not yet clearly defined in strategies, policies and procedures.

CAS50 **SEND Finance** June 2023	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	4
			Medium	3
	Moderate	Limited	Low	-

Purpose of audit:	To provide assurance on the adequacy and effectiveness of controls in place within the SEND Finance Team with regards to the process of agreeing placement costs and making payments.

Background:

Many children will experience some kind of difficulty in learning during their school life. Most will receive the help they need from their nursery / school / college. Some children may need extra or more specialised help. A child has Special Educational Needs Disabilities (SEND) if they have learning difficulties or disability that needs a special educational provision. In most cases the special provision can be made within a mainstream school. For some children and young people, it may be agreed that a special school would be most appropriate for their needs.

The *Children's and Families Act 2014* (the Act) introduced significant SEND reforms, extending LA's statutory responsibilities to provide SEND support to Children and Young People (CYP) from birth to 25 years of age and introducing Education, Health, and Care (EHC) plans replacing SEN Statements.

At the end of March 2022, there was a SEND funding deficit in England of £1.3bn, an increase of £465 million from the previous year. Three quarters of Local Authorities (Las) now have SEND funding deficits. LA's receive Dedicated Schools Grant (DSG) High Needs Block funding to meet the statutory duties under the *Act*. Since the reforms, significant pressures on high needs budgets have resulted in many LAs accruing DSG deficits. The Council's DSG cumulative deficit at the close of the 2021-22 financial year was £21.7m, primarily due to the High Needs Block. The Council has secured £23m funding from Department of Education (DoE) in Safety Valve to eliminate the cumulative DSG deficit by the end of 2026/27 in return for delivering a more efficient and effective high needs service for CYP with SEND.

The Council has approximately 94,000 CYP under 25 years old.

The Council has a SEND Strategy 2022-2025. The Business and Finance Support Team manages the admin/finance operational functions in SEND.

Areas of strength:

- The Council's SEND Strategy 2022-25 available on the Council's website includes four key priorities: improving provision for complex/multiple needs; provision of timelier, high-quality identification and provision; development of greater confidence skills and competencies in all settings; and development of pathways into adulthood for young people with SEND. We confirmed that a SEN process is in place detailing the process from receipt of a request for Educational Health Care (EHC) assessment to development of an EHC Plan, determination of funding, panel approval and sending of plan to the young person/parent. The process also includes the responsible person and the timelines for each stage of the process. A SEN Costing Form is also in place which has pre-populated costs for the different schools to assist in the determination of funding requirements. The procedures are held in the shared drive for all relevant officers to access.

- Where a child needs more support, an EHC plan is developed by the SEND Team. EHC plans identify educational, health and social needs and set out the additional support to meet those needs. An itemised costing is prepared for each area of support identified in the EHC plan with a total cost

onto a spreadsheet entitled 'Ready Reckoner'. The EHC plan together with the proposed placement and the cost is presented to the SEND Panel for approval. Following approval by Panel, a Costing Form is prepared by the SEND Team detailing the placement and cost which is authorised by a SEND Team Manager before being sent to the SEND Finance Team for inputting details onto a spreadsheet to make payments to placement providers. For a sample of 16 children with SEND, we confirmed that they all had an EHC plan, a Ready Reckoner costing spreadsheet and were placed in an appropriate placement based on their needs and age.

- Payments to placement providers are made via the following methods:

  o For Southwark maintained schools, payment is made by Corporate Finance. The base amount is paid monthly, and adjustments are made on a termly basis to reflect any changes, for example, placement starting and ending. Top-up funding is calculated, and adjustment made. Payments are authorised by either a Manager or Director of Education.

  o For all other schools, payment is made by the SEND Finance Team via the Direct Payments method upon either receipt of an invoice or a schedule prepared by the Team where providers do not send invoices. A schedule is produced weekly for invoices received and checked by the Business and Finance Manager before being sent via email to Corporate Finance for payment to be made for the invoices listed on the schedule. Some providers, mainly academies, do not send invoices and therefore on a termly basis, the SEND Finance Team prepare a schedule for payments due, which is sent to the providers for confirmation and then forwarded to Corporate Finance for payment.

  o For a sample of 15 payments made from April 2022 to March 2023, three were for Southwark maintained schools for which we confirmed that the payments were due, accurate and appropriately authorised. For the remaining 12 payments which were for all other schools we confirmed in all cases, payment schedules were prepared, checked by the Business and Finance Manager, and sent to Corporate Finance together with invoices for making the payment.

- Payments are made on SAP which does not allow duplicate payments to be made. Prior to making payment, checks are made on SAP to ensure that payment has not already been made for the child for the same period. For the sample of 15 payments made, we confirmed that they were not duplicate.

Areas of concern:

- Following approval of the EHC Plan, proposed placement and cost by the SEND Panel, a Costing Form is prepared by the SEND Team detailing the placement and cost which is authorised by a SEND Team Manager before being sent to the SEND Finance Team for inputting details onto a spreadsheet to make payments to placement providers. For a sample of 16 children with SEND, one Costing Form was not authorised by the SEND Team Manager. In another two cases, the Costing Forms were authorised after the placement start date.

- For a sample of 15 payments made from April 2022 to March 2023, 12 payments which were for all other schools apart from Southwark maintained schools, the following was noted:

  o We were unable to confirm that the payments were accurate as we were unable to reconcile the amount recorded on the invoice to the amount due as per the authorised costing form.

  o Seven invoices were not paid within 30 days of the invoice. Payments were made after 6 weeks to 4 months of the invoice date.

  o It was also noted that for some schools, payments are only made twice a year.

- The Business and Finance Manager is responsible for raising accruals on an annual basis. An internal deadline has been set by Corporate Finance for accruals to be raised by 17 April 2023 to meet the 21 April 2023 deadline for all revenue to be determined. As of 24 April 2023, the accruals for

2022/23 had not been raised. Due to absence of the Business and Finance Manager, Corporate Finance commenced the process of raising accruals and a total of £8,116,995 accruals had been identified for 2022/23 consisting of 959 invoices of which some dated back to 2017.

- Whilst the spreadsheet maintained by the SEND Finance Team records details of identified funding for each child, it does not record payments. The records maintained by the SEND Team on Capita also does not have the facility to record payments. Both the SEND Finance Team and the SEND Team currently maintain separate records of payments. Records of payments made are available from SAP. However, from our sample testing, it was difficult for us to reconcile the payment on SAP to the child's record on the spreadsheet. This was in the main due to the payment reference number used by the Business and Finance Manager not being the same as the student ID number generated from Capita for each child.

- The data for each child is currently held on a spreadsheet maintained by the SEND Finance Team and held on a Teams shared drive for all relevant officers to access. The spreadsheet includes the following, amongst other details, the child's name, primary need, date of birth, placement, whether in or out of borough, start date, end date (if applicable), funding type and amount. The data held for each child on this spreadsheet is comprised from the authorised Costing Forms received from the SEND Team who maintain their data on Capita. Our review of a sample of 16 Costing Forms and the data on the spreadsheet identified the following differences:
  - o For two children, the start date recorded on the spreadsheet was different to that stated on the Costing Form.
  - o For one child, the date of birth recorded on the spreadsheet was different to that stated on the Costing Form.
  - o For the above difference noted, we confirmed that the data recorded by the SEND Team on the Costing Forms was accurate as per Capita.

- The Business and Finance Manager stated that a check is completed on a weekly basis between data on the spreadsheet to data maintained by SEND Team on Capita. The check is done manually, and any discrepancies are investigated/queried with the SEND Team. We were unable to confirm this weekly check being undertaken as no evidence is maintained. However, as noted in our sample testing above, discrepancies were found in the data recorded on the spreadsheet and that on the Costing Forms.

- Payments should be costed to the correct cost centre code on SAP. A Costing Structure is in place detailing all the placement providers and the cost centre codes to which the payments should be posted against. For a sample of 15 payments made from April 2022 to March 2023, in one case the payment was not costed to the correct code as per the Costing Structure.

- Additional payments are made for children who require extra support. These are generally one-off payments, for example, for equipment, therapy. Where extra support is required, this is detailed on the authorised Costing Form together with the time period and the associated cost. These additional payments are made in the same manner as other funding payments. For a sample of five additional support payments required for children during 2022/23, in one case, the Business and Finance Manager was unable to find a Costing Form for the extra support. It was further noted for this same child that the start date for the extra support recorded on the spreadsheet was incorrect as it stated 25/01/1023.

- We undertook a follow-up of two actions from the Education Budget Review undertaken by RSM for which a final report was issued in February 2020. Both recommendations have not been implemented.

FG22 **Pensions Administration** June 2023	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	2
	Substantial	Moderate	Low	-

Purpose of audit:	To provide assurance over the management of the pension fund and controls on flow of monies around the system including the bank account. We also provided assurance over the data security and interfaces used by the new pensions admin and payroll system.

Background:

The London Borough of Southwark Pension Fund ("the Fund") is part of the national Local Government Pension Scheme (LGPS). The London Borough of Southwark is the 'Administering Authority' for the Fund and has delegated responsibility for the management of all aspects of the Fund, including administration, communication, and good governance. The Administering Authority is responsible for the local administration of the Fund, which comprises around 90 employers and approximately 25,000 LGPS members in total (including active, deferred and pensioner members).

The Council has a Pensions Administration Strategy for the Fund. An updated strategy was published in April 2021 following consultation with the Fund employers and approval by the Strategic Director of Finance and Governance. The aim of the strategy is to ensure both the Administering Authority and employers are fully aware of their responsibilities under the Fund, and to outline the performance standards they are expected to meet to ensure the delivery of a high-quality and cost-effective pensions administration service.

The Pensions Regulator is taking an increasingly active role in the scrutiny of LGPS data and frequently audits LGPS employers (particularly London Boroughs). The Regulator has the power to fine Administering Authorities like Southwark Council and ensure active improvement plans are put in place and reported upon.

As at 31 March 2022, there were 6,995 active members contributing to the Fund and 8,167 pensioners or dependants who were in receipt of an annual pension. Member contributions to the Fund in 2021/22 were approximately £62.8 million and the total asset value of the Fund was £2.1 billion. Most pension contributions are collected and managed through the principal employer, Southwark Council.

The Pensions Advisory Panel (PAP) and Local Pension Board (LPB) are in place to provide investment advice, governance, and oversight to ensure the Council follows the Pensions Administration Strategy.

The Council has implemented a new system, Civica UPM, to manage the pension fund and pensioner payroll, which went live in May 2022.

Areas of strength:

- We confirmed that the weekly payment list of single payments for retirees was being generated each week and processed automatically by finance.

- The Council has two bank accounts, one is held by the global custodian and holds cash relating to investment activities, the other is the Fund bank account which holds cash relating to member activities. We confirmed that the Senior Finance Manager is responsible for the day to day management of the Fund bank account, with the Departmental Finance Manager having overall responsibility for the scheme of management for finance and governance; they have access to the bank account. We confirmed that this was satisfactory in accordance with the scheme of delegation.

- The reconciliation to confirm the data migration was successful to the new system was completed in April 2022 which confirmed the data from the previous system had been migrated to UPM correctly. The reconciliation covered 7,618 records and no discrepancies were noted; we confirmed that this was correct through data analysis.

- The Council has a Standard Data Mapping document in place dated 12 May 2021 outlining the methodology used to migrate data to the new system. Our review noted it clearly set out the relevant fields to be mapped from Altair to UPM and that the migration had happened in accordance with the methodology and in accordance with the project timescales.

- Monthly reports are generated from the UPM system and are pulled automatically into the general ledger; we confirmed December 2022 was completed correctly.

- We were provided with evidence of the new user and deleting user process; Civica is responsible for managing these requests based on correspondence from the pensions team.

- Staff access the system through two separate logins, one granted by Civica, and one granted by the Council. Screenshots were provided to verify the two different access points required. We were provided with a log of all users with admin access to the system; we confirmed that these were all appropriate based on their role.

- The Council has an access matrix in place setting out the access rights and permissions of users. This is split into two basic access levels, which are currently Admin access and Payroll access.

- The Civica contract dated 27 August 2020 provides details of the back-ups provided. Backups are completed daily and retained for 28 days for efficiency. Two copies of the backup are held for efficient retrieval.

- The contract also details the Disaster Recovery arrangements in place, for both Recovery Time Objective (RTO) and Recovery Point Objective (RPO), RTO is offered for 24 hours, and RPO of four hours. This includes provision for one annual disaster recovery test.

- The last disaster recovery test was completed in April 2022, and was handled by Civica and the Council with a range of tasks. Overall, the disaster recovery test was successful with no issues identified that required resolution.

Areas of concern:

- We were provided with the UPM User List as at December 2022 which confirmed a total of 196 user accounts; we were also provided with the Citrix User list as at December 2022 which set out a total of 39 users. We reconciled the two User Lists and noted 19 users who were disabled within Citrix but were still on the UPM User List.

- We performed a reconciliation between the previous system and the new system using National Insurance (NI) number. We were only able to identify 7,620 matches between both datasets following data being cleansed from the previous system, with the discrepancy of 21 staff being due to the fact they joined the Council after the implementation of UPM. We also performed data analytics on the UPM data and noted: five instances where the National Insurance Number was not valid, eight employees which had duplicate entries, and nine employees who had duplicate entries with the same bank account number and sort code. This will be provided to management under separate cover for their investigation.

HM71 New Homes Programme June 2023	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	1
	Substantial	Moderate	Low	1

Purpose of audit:	To provide assurance on the project management of the New Homes Programme including procurement, contract management and programme governance with regards to the areas of significant expenditure and priority for the Council.

Background:

The New Homes Programme was established in 2015 when the Council agreed its long-term housing strategy for the borough including commitments to increase housing supply by building 11,000 new Council homes for social rent by 2043.

The Council Plan adopted in October 2018 committed to building at least 2,500 homes by 2022. The Council met this target in May 2022 with construction either completed or started on all homes. The Council has plans to build 1,000 more by 2026 across the borough including in Champion Hill, Dulwich Wood, and North Bermondsey.

The borough is densely populated and there is significant opposition to large scale regeneration projects, therefore the Council has looked to create homes on existing estates, buy homes developed by others and deliver homes as part of major refurbishments works.

Effective procurement, contract management and governance can help the Council achieve value for money and ensure the programme is delivered on time and within budget.

Areas of strength:

- We tested a sample of five procurement exercises for 22/23 out of a population of 20 to confirm compliance with the Council's Contract Standing Orders, and confirmed that in all cases:
    - A lead contract officer was identified.
    - A Gateway 1 report was completed, which evidenced the procurement strategy, advice received, the officer recommended procurement route and the senior officer approval.
    - The method of procurement was in line with procurement rules (3 procured through a framework, 1 procured from the Council's work approved list and 5 contractors invited to bid, 1 through a restricted OJEU process).
    - Contract Standing Orders had been followed.
    - Tenders were received before the deadline, opened at the same time after the closing date by the council's representative and a tender evaluation report was completed.
    - A Gateway 2 report was completed, which evidenced the result of the procurement (tender scoring, tender evaluation) and the senior officer approval.
    - Decision letters were correctly issued.

- For the same sample of five we confirmed the following contract management arrangements were in place:
  - Contracts managers kept a signed copy of the contract.
  - Contract managers held regular contract monitoring meetings with the contractor, which were in line with the contract.
  - Contract monitoring meetings were minuted and actions recorded.
  - Contract monitoring meetings confirmed compliance with the contract and regularly reviewed budget and cost.
  - Contract managers maintained supplier risk registers.
  - Key performance indicators were detailed in the contract and regularly monitored/reported.
- There is a Delivery Programme Board, which provides strategic direction and senior operational oversight. The Board is governed by a terms of reference which is refreshed annually and clearly defines the Boards purpose, roles and responsibilities.
- We confirmed reports are regularly presented to the Board and the Lead Cabinet Member for Council Homes and Homelessness. These reports provide an update on the New Homes Programmes progress and include a regular review of risks.

Areas of concern:

- Section 9.2 of the Council's Contract Standing Orders (CSOs) states where the estimated contract value exceeds the relevant EU threshold the lead contract officer should prepare an annual monitoring report to the relevant Departmental Contract Review board (DCRB). The EU Works threshold is £5,336,937. In three cases the threshold was exceeded. Our discussions with officers confirmed they had not prepared an annual monitoring report.
- The Delivery Programme Board terms of reference states the Board will meet as required, at least every two months. Our review of Board documentation for 2022-23 confirmed there was no meeting between 08/03/2022 – 12/06/2022 and 08/11/2022 – 09/05/2023. Officers stated this was because there were no reports for them to review due to the phasing of the projects.

EL39 **Community Engagement (Advisory Review)** May 2023	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	-
	N/A - Advisory	N/A - Advisory	Low	3

Purpose of review:	To provide assurance on the adequacy of the design and operational effectiveness of internal controls in place to manage the identified risks in respect to Community Engagement.
	To consider the lessons learned from the Covid-19 pandemic and how this is informing future approaches to community engagement and the impact on governance structures. It was agreed at the time of scoping that this would be an advisory review incorporating benchmarking.

Background:

The Approach to Community Engagement (CE) document was signed off in 2019 following consultation with residents and community sector partners. The Council involved more than 250 people to develop their approach. The document outlines how the council will engage with communities, sets out the visions and principles for engagement and provides a definition of community engagement. Southwark Stands Together was the Council's response to the inequalities exposed by COVID-19 and the events of 2020, as articulated by the Black Lives Matter protests. This led to the Council broadening their range of digital engagement. In addition, in 2022, the Council hosted open listening and theme-based events that were attended by more than 1,500 people.

The Council has a Consultation Involvement team which provides advice and guidance around how services should engage communities. There are four workstreams (Better engagement, thriving neighbourhood, amplifying diverse forces, transforming grant forces) in place to enable the Council to achieve their objectives of community engagement. Quarterly reports providing updates on the outcomes of the workstreams are presented to the Director of Communities. The Council is hosting a Community of Practice network supported by the GLA. The focus of that is community engagement practices and addressing health and safety.

The Southwark Equality Framework explains how the Council is putting equality at the heart of everything they do. It sets out what the legislation expects and what the Council is committed to doing to mainstream equality, diversity and inclusion work and make it part of their day-to-day business. The Framework demonstrates how equality legislation and Council equality, diversity and inclusion commitments are central to all that they do.

Areas of strength:

- Officers have a sound process in place to monitor and report performance indicators. Officers regularly monitor performance indicators related to community engagement using a Red, Amber and Green traffic light system. We confirmed performance is reported quarterly to the Communities Management Team.

- Community Engagement has 50 performance indicators. Based on the January 2023 quarterly reports, officers reported 37 as Green, 11 as Amber and 2 as Red. We verified actions are in place to address the 2 Red indicators (Nos and profile of people who take part in online consultations, procurement of digital engagement tools for next 5 years).

- Community engagement is governed by an overarching "Approach to Community Engagement" document, which clearly sets out the Council objectives for engagement. This strategy document is supported by a Communities Plan, which is in the process of being updated, and sets out the Communities team priorities. There is also a clear link between the priorities and the Council's corporate objectives (golden thread).

- The Council has a dedicated Community Engagement page on TheSource, which is accessible by all Council officers and includes useful guidance on various aspects of engaging with the public. Some of this documentation, including "guidance on the use of Teams meetings for community engagement" and "engagement guidance for working with black and minority ethnic communities", was written to address issues officers identified during the pandemic particularly with digital engagement.

- The Council has a detailed and comprehensive Engagement and Consultations website, which acts a central repository and signpost for all things related to community engagement. The website provides the public with lots of useful information including, but not exclusively, links to a Consultation and Conversations Hubs, Empowering Communities and how the public can have their say.

- The Southwark Equality Framework is currently being review by the new Head of Equality, Diversity and Inclusion. We confirmed actions are regularly reported to the Southwark Stands Together Board meeting. A RAG rating and commentary on the RAG is used to update progress on actions. The Head of Equality, Diversity and Inclusion also confirmed she would use the work done by the Communities team as an example of good practice to share across the Council.

Areas of concern:

- To steer officer engagement the Council has 2 key pieces of guidance, the consultation toolkit and the engagement plan template. We reviewed both against the Local Government Association community engagement checklist to confirm all areas were incorporated into the guidance. We found the following was not mentioned in the Council's guidance:

  1. Monitor the responses: Keep track of the number of responses you receive so action can be taken to improve response rates if necessary. Check the responses submitted to get an indication of the issues arising.

  2. Analyse the results: Consider what story the data are telling and what this means in terms of the question asked. Calculated how many people gave certain answers and look for any variations. You should also seek to identify any patterns, trends or themes to help identify key issues.

- Officers also confirmed that some of the information contained within the toolkit was out of date and did not align with the new corporate approach so needed a refresh.

- Our review of the information available on the Council's Consultation and Engagement website showed officers had not refreshed a number of areas since 2017 and therefore there is a risk it is no longer relevant. This included information relating to: Let's talk about ageing well; Let's talk about new council homes for Southwark; Become a charity trustee; LGBT groups; Southwark disability forum; and Southwark multi-faith forum. We also found the link for the Housing Community Involvement page no longer worked.

- We confirmed officers understood the problems arising from digital engagement during the pandemic, such as bad online behaviour from the public and planning around engagement behaviour to ensure all voices are heard. We verified officers had taken action to address the issues for example writing additional guidance. However, there was no formalised lessons learnt process documenting the actions taken, responsible officers and date of implementation. Without this there is a risk officers do not take the full action necessary to address the identified issues.

EL25 **Markets** June 2023	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	3
	Moderate	Moderate	Low	-

Purpose of audit:	The purpose of the audit is to review the adequacy of the design and effectiveness of the Council's governance arrangements and key operational and financial controls in place relating to markets.

Background:

The London Borough of Southwark has a rich heritage of markets and street trading activity. The economic, cultural, and social benefits of street markets and street trading help contribute to a rich mix of retail opportunities for new businesses. The borough has a combination of local authority markets, privately operated markets, and seasonal markets. The Council, by virtue of its statutory powers, enjoys market rights throughout the borough.

The legal definition of a market is 'a concourse of buyers and sellers'. A market comprises of at least five stalls, stands, vehicles (whether movable or not) or pitches from which items are sold. A commercial market is one which is operated for profit and where the traders are engaged in a business activity of selling goods for their own purposes whereas a community-based market is normally organised by local communities or organisations with the intention of raising funds for a specific charity or celebrating a special event. The Council considers applications in respect of both market categories.

All markets in the borough are licenced and operated in accordance with the provisions of the Food Act 1984. The statutory powers afforded to the Council under the provisions of the Food Act 1984, enables the Council to implement a markets policy within its area, operate markets within the borough, consider applications for other markets and determine whether such markets can be held by way of consent. There are a small number (less than five) of isolated pitches located in the borough, these are licenced under the London Local Authority Act 1990. Privately operated markets are also licensed under the Food Act. These are operated on private land and charged based upon the number of stalls the market will have. Prior to granting a licence, the Council considers the impact this may have on the local authority markets and the existing stall holders.

A licence fee is payable once the application for a market licence is approved by the Council. The licence fee for the commercial markets is based on the size and frequency of the market whereas for the community-based markets, this may be waived. All fees and charges are reviewed annually and are available on the Council's website. The income generated for 2021/22 was circa £754,000. All licences must be renewed on an annual basis. The traders should re-submit their application every 12 months if they wish to continue to operate within the borough. This must be done at least one month before their current market licence expires. Temporary traders are allocated pitches based upon a seniority listing. This is determined by the length of time a trader has traded with the Council, meaning long standing traders receive a higher seniority.

Areas of strength:

- We reviewed the meeting minutes from the Cabinet meeting held in January 2022 and confirmed that the market fees were formally approved as per the established approval process.
- We confirmed that the documented pitch allocation process was followed, with pitches assigned to market traders in accordance with the seniority listing and preference given to long-standing traders.

- We reviewed the documentation assessed for a sample of five private and seasonal operators and confirmed that:
  - An application form was completed,
  - The one-time licencing fee and the recurrent fees were in line with the Council's agreed charges,
  - Proof of public liability insurance was provided and current.

Areas of concern:

- The Council's Markets Policy does not detail the application requirements for permanent and temporary traders and operators.
- We reviewed a sample of 10 temporary and permanent traders and identified that in one case, a temporary permit was provided to the trader, although there was insufficient evidence of proof of address. In another instance, the permanent trader continued to trade although the trading licence was not renewed.
- The Markets Team referred two out of 15 debtor accounts to the Credit Control Team for further escalation, however this was not actioned. Hence, the outstanding balances were not recovered.

Tenancy Management Organisations Applegarth June 2023	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 design of the controls and operational effectiveness relating to the TMO's operational and financial processes, such as financial management, procurement and statutory compliance, including health and safety, fire risk assessment and asbestos.

Background:

The Council has 17 Tenant Management Organisations (TMOs) comprising 4,609 properties of which 2,972 are rented by the council tenants and 1,637 are leasehold or freehold.

The Council funds the TMOs to run services and provides 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, and these agreements are monitored on behalf of the Council by the Tenant Management Initiatives (TMI) team within the Environment and Leisure Department. The agreements outline the services that each party is responsible for in the management of housing stock.

TMOs are distinct legal bodies, with the protection of limited liability for members. An elected Management Committee, comprising local tenants and leaseholders, runs the TMO and represent the residents and set the priorities. Any savings a TMO makes can be spent in line with the wishes of the local community.

Applegarth House is an eight-storey building which consists of 54 single storey flats.

Areas of strength:

- Applegarth TMO has an up-to-date Finance Policy, which was approved by the Management Committee and clearly outlines all aspects of procurement, approval, and financial limits.
- The cheque book is securely stored and is regularly monitored through reconciliations.
- We reviewed the minutes for the last three Management Committee meetings and found the meetings were quorate and decisions were clearly documented.
- All members of the Management Committee has a completed (signed and dated) declaration of interest from in the last 12 months.
- Our testing found that debts are recovered in accordance with agreed procedures.
- Our testing found that repairs were completed in accordance with agreed procedures and the MMA.

- We reviewed the process to let prospective tenants as outlined within the MMA and confirmed that the TMO retained all correspondence and completed all required checks prior to the award of the property.
- The Equal Opportunity policy was up-to-date and had been approved by the Management Committee, and we found it was in line with the Council requirements.
- The performance management framework complies with the Council requirements.
- The MMA outlines the arrangements between the Council and the TMO in terms of managing leaseholders and service charges.

Areas of concern:

- Invoices for purchases at the TMO were not signed by the treasurer as per the requirements of the Finance Policy.
- While the TMO review the performance figures where the budget is monitored monthly, comparing expenditure for cost centres against the agreed budget, this information is not shared with the Management Committee for review and scrutiny.
- While the TMO have a complaints policy, we found it was last reviewed in February 2020. Further, we found the TMO does not currently have a recruitment policy or disciplinary procedure document in place which is a requirement set out within the MMA.
- There is a not a standalone terms of reference in place for the Management Committee which outlines the roles and responsibilities of members, frequency of meetings and quorum requirements in one place which is reviewed annually to ensure it includes the most up-to-date information of the committee.

Tenancy Management Organisations **Brenchley Gardens** July 2023	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	7
			Medium	2
	Limited	Limited	Low	2

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

Background:

The Council has 17 Tenant Management Organisations (TMOs) comprising 4,609 properties of which 2,972 are rented by the council tenants and 1,637 are leasehold or freehold.

The Council funds the TMOs to run services and provides 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, and these agreements are monitored on behalf of the Council by the Tenant Management Initiatives (TMI) team within the Environment and Leisure Department. The agreements outline the services that each party is responsible for in the management of housing stock.

TMOs are distinct legal bodies, with the protection of limited liability for members. An elected Management Committee, comprising local tenants and leaseholders, runs the TMO and represent the residents and set the priorities. Any savings a TMO makes can be spent in line with the wishes of the local community.

There are 91 properties on the Brenchley Gardens estate. We note that during our review, the previous Estate Manager left the organisation, and the post was filled by a new Estate Manager post audit, who has prior experience of Brenchley Gardens and TMOs.

Areas of strength:

- The cheque book is securely stored and is regularly monitored through reconciliations.
- All members of the Management Committee have a completed (signed and dated) declaration of interest from in the last 12 months.
- The MMA outlines the arrangements between the Council and the TMO in terms of managing leaseholders and service charges.

Areas of concern:

- Annual gas servicing and the certificates had not completed and retained by the TMO as per the Gas Safety (Installation and Use) Regulations 1998.
- Budget monitoring was not being completed on a monthly basis nor was it subject to Management Committee review.
- We found that works orders and invoices were not raised and authorised in line with the MMA and financial procedures.
- Correct follow up action for properties in arrears has not been undertaken, including sending letters to residents and implementing an action plan to address the arrears.

- Pre-employment documentation were not retained by the TMO to evidence the validity and clearances have been completed and authorised.
- A central log of work repairs at the TMO was not being maintained and therefore we were unable to confirm if a works order was raised, completed in a timely manner, and review the quality checks completed by the TMO.
- Newly let properties did not have the required checks completed and sufficient documentation retained as set out within the MMA.
- The monthly Management Committee meetings were not consistently minuted to show discussions and formal actions to take forward and to be followed up at subsequent meetings.
- The TMO has an equal opportunity, staff appraisal, grievance and disciplinary policies and procedures, however these were not reviewed or approved in the last 12 months.
- The TMO has a finance policy, however this was last reviewed in March 2020.
- There is a not a standalone terms of reference in place for the Management Committee which outlines the roles and responsibilities of members, frequency of meetings and quorum requirements in one place which is reviewed annually to ensure it includes the most up-to-date information of the committee.

Tenancy Management Organisations **Delawyk** June 2023	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	-
	Substantial	**Substantial**	Low	1

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

Background:

The Council has 17 Tenant Management Organisations (TMOs) comprising 4,609 properties of which 2,972 are rented by the council tenants and 1,637 are leasehold or freehold.

The Council funds the TMOs to run services and provides 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, and these agreements are monitored on behalf of the Council by the Tenant Management Initiatives (TMI) team within the Environment and Leisure Department. The agreements outline the services that each party is responsible for in the management of housing stock.

TMOs are distinct legal bodies, with the protection of limited liability for members. An elected Management Committee, comprising local tenants and leaseholders, runs the TMO and represent the residents and set the priorities. Any savings a TMO makes can be spent in line with the wishes of the local community.

The Delawyk Crescent estate has 115 properties. The majority are owned by long-term leaseholders, with the Council as their immediate landlord. Dulwich Estate is the freeholder of the whole estate.

Areas of strength:

- Delawyk RMO has an up-to-date Procurement of Goods and Services procedure document, Financial Standing Orders) and Petty Cash procedure document, which were all approved by the Management Committee and clearly outlines all aspects of procurement, approval, and financial limits.

- The cheque book is securely stored and is regularly monitored through reconciliations.

- Monthly budget monitoring reports are produced and shared with the Finance Committee, these include the use of reserve and surplus funds.

- We reviewed the minutes for the last three Management Committee meetings and found these meetings were quorate and decisions were clearly documents.

- All members of the Management Committee has a completed (signed and dated) declaration of interest form in the last 12 months.

- Our testing found that debts are recovered in accordance with agreed procedures.

- Our testing found that repairs were completed in accordance with agreed procedures and the MMA.
- We reviewed the process to let prospective tenants as outlined within the MMA and confirmed that the TMO retained all correspondence and completed all required checks prior to the award of the property.
- The Equal Opportunity policy was up to date and had been approved by the Management Committee, and we found it was in line with the Council requirements.
- We found the HR policies and procedures, including the performance management framework, to be in compliance with the Council requirements.
- The MMA outlines the arrangements between the Council and the TMO in terms of managing leaseholders and service charges.

Areas of concern:

- There is a not a standalone terms of reference in place for the Management Committee which outlines the roles and responsibilities of members, frequency of meetings and quorum requirements in one place which is reviewed annually to ensure it includes the most up-to-date information of the committee.

TR20	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
Supplier Resilience July 2023	Design	Operational effectiveness	High	2
			Medium	5
	Limited	Limited	Low	1

Purpose of audit:	To provide independent assurance over controls in place to adequately monitor financial and operational stability of its key third party suppliers and service providers. The audit will also confirm there are adequate contingency plans in the event of supplier/service provider failure. The audit excluded care service providers as this will be included in a future commissioning audit in 2023/24 (but notes that these should still be included on the Contracts Register).

Background:

To deliver key statutory and operational services, the Council makes significant use of private sector suppliers, for example to draw on external expertise or where services require additional capacity to meet demand. Whilst the use of external suppliers has many benefits, recent national examples such as the collapse of Carillion and the collapse of energy suppliers Bulb Energy and Avro Energy brought about by the cost-of-living crisis, highlight the significant risks and disruption associated with supplier failures.

The Council has different types of approved or select lists for suppliers. Contracts are awarded through the approved or select list system, or by public advertisement. The lists have been evaluated using the Council's standards and technical capability, including financial, equality and health and safety assessments.

The advantages of being on an approved list are that it reassures the Council a minimum standard has been met and saves firms from having to re-apply for contracts to meet that standard.

The Council offers suppliers free registration for contract opportunities via Southwark's e-procurement portal; suppliers receive email alerts when opportunities are posted that match their specific category.

The Council currently has 223 suppliers and service providers on their contracts register with estimated values ranging from £5,000 to £665,000,000.

Areas of strength:

• There is sound contract management guidance available to all officers on the Council's intranet, which includes a contract management toolkit and templates.

• The toolkit details the importance of managing change and risk to ensure suppliers are delivering on their contractual obligations and to identify potential issues with supplier resilience.

Areas of concern:

• During the audit we established there is a lack of strategic oversight of contract management. The Council does not:

- o Have a centralised contract management function.
- o Keep a list of contracts it feels are the most critical, which should be scrutinised further. The Council does define contracts as either Operational or Strategic but does not maintain a list of either, although Contract Standing Orders require that Lead Contract Officers (LCOs) or their Chief Officers maintain all contracts over £5k in value on the Council's Contract Register.
- o Centrally perform ongoing creditor checks of key suppliers.
- o Provide regular training to contract managers about how to consistently monitor supplier resilience.
- We tested a sample of ten contracts from the contracts register including the five highest value contracts (excluding Residential Care as this will be covered by a future audit) and a random sample of five further contracts. For four contracts we were not provided with full supporting evidence.
- Our testing to ensure the contract managers had obtained operational and financial security during the procurement process found eight had conducted the appropriate checks and retained evidence.
- We further tested to ensure contract managers had obtained and reviewed supplier's business continuity plans (BCP) and found inconsistent practices and in one case no BCP. We also assessed contract monitoring / review arrangements to verify they were in line with the contract and ongoing. We found inconsistent practice and no regular monitoring in three cases.
- We tested to confirm key performance indicators (KPI's) are established and regularly monitored. We found inconsistent practices and in four cases no evidence that KPIs had been established was evident. We further examined whether annual performance reporting was in line with the contract management toolkit and found one case where performance reporting was last completed 18 months ago and in another case no performance reporting had been completed.
- We assessed the Council's arrangements against the five elements of the Governments supply chain framework, which is designed to be an aide for those looking to mitigate supply side risks in their supply chains and to support greater long-term resilience: Diversification, International Partnerships, Stockpiling, and surge capacity, Onshoring and Demand management. We found the Council only considers diversification as part of its toolkit.
- We evaluated the risk management arrangements and our testing showed that four of the strategic contracts did not have a supplier specific risk register and none were detailed on the departmental risk register, which acts as a compensating control if there are no supplier risk registers in place.
- We examined departmental business continuity arrangements and found that in four cases the contracts were not listed or no BCP was in place.

KFC05 **Payroll and HR** May 2023	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	3
	Moderate	Moderate	Low	2

Purpose of audit:	To provide continuing assurance on the adequacy of the design and operational effectiveness of internal controls in place to manage the identified risks in respect of payroll and HR. We also undertook a follow-up of the one high recommendation made in our 2021-22 audit of Payroll & HR.	**Added value:**	We completed a set of data analytics for the following areas: - Potential duplicate National Insurance numbers, names and addresses - Potential duplicate bank details - Potential duplicate codes - Blank names, codes, birth dates and tax codes.

Background:

The Council has approximately 4,700 employees who are processed on the Council's monthly payroll. The Payroll Team is responsible for making the payments based on the information received from the HR Transaction Team.

Within the Exchequer Services Division of the Finance and Governance Department, the Council has the Financial Control and Processing Team (FC&P) which includes the officers responsible for SAP Payroll management. The Council's HR service comes under the Chief Executive's Department. The HR service includes the Head of HR and three HR operational teams (HR Customer Delivery, HR Business Partnering and HR Policy and Projects). Jointly, these teams manage the end-to-end Payroll and HR processes. HR Business Partners are responsible for creating policies whereas the HR operational teams are responsible for implementing these policies. The Payroll Team merged into the HR service with effect from April 2023.

Council managers work with the HR operational teams in processing starters, leavers and variations for staff that have line management responsibilities. The HR Transaction Team notifies the Payroll Team for the financial aspects of these changes to be reflected on the payroll system.

The Council operates an employee self-service (ESS) system where processing/approval regarding sickness, annual leave, unpaid leave, overtime, and expenses can be undertaken. If individuals cannot access the system, then managers can do this on their behalf. There are some services that are not on ESS such as Southwark Cleaning where managers issue payroll with MS Excel documents of time to be compensated which is then processed.

The payment run process encompasses a series of checks prior to being approved for payment.

The Council has a contract with Zalaris who provide technical payroll and HR expertise. They are responsible for delivering IT consulting and application support services.

Areas of strength:

- Controls built into the SAP payroll system do not allow duplicate payroll payments to be processed.

- From testing a sample of ten leavers, we confirmed that HR notifies the Payroll team regarding leavers on a timely basis, ahead of the employee leave date. For all leavers tested, the leave date in the SAP system matched the completed leaver form, all reasons for leaving were documented and all leavers were approved for processing within one month and ahead of the employee's leaving date.
- Segregation of duties exists between preparing and reviewing monthly payroll reconciliations.
- From conducting a walk-through of the SAP systems, we confirmed that parameters such as tax codes and National Insurance thresholds had been populated correctly. A series of control total checks are in place, including BACS, cash, and balancing figure checks.
- For a sample of five users with access to the Payroll and HR systems, we confirmed that all users had an approved access form, ensuring adequate segregation of duties is in place.
- The Principal SAP officer completes a quarterly review of users with payroll access, which includes authorisation changes and review of changes made. If any names are not recognised, these are queried.
- For a sample of ten underpayments, we found that all were rectified in a timely manner, within one week of payroll notification. For all ten, a sufficient reason for requesting an advance of pay was provided and adequate segregation of duties was in place between the requesting and authorising officers.
- We identified sufficient compensating controls are in place to prevent underpayments occurring, by reminding staff of the payroll cut off period to submit any changes each month, via the Council's intranet (*the Source*). We confirmed as part of the payroll run walk-throughs that notifying *the Source* officer to communicate when payroll reopens each month is part of the monthly, post-payroll run process.
- Based on staff feedback and an intent to improve efficiency of processes and communications between the Payroll and HR teams, as of 1 April 2023, the two teams have merged.
- Through data analytics completed on the payroll standing data, we confirmed none of the population had a duplicate code and none had a blank name, address, post-code, date of birth or tax code.

Areas of concern:
- Due to the merger of the payroll function with HR, we identified during the walk-through of the SAP systems that the final payroll run for April 2023 was not approved by a separate reviewing officer before being posted.
- From testing a sample of five overpayments since 1 April 2022, we found that recovery action was inconsistent and recovery action timeframes in three cases were insufficient. In addition, the high priority recommendations from the KFC05 Payroll and HR audit 2021/22 had not been fully implemented and have been rolled over into the 2022/23 recommendations to ensure they are addressed.
- Initial data analytics we completed on the payroll standing data identified a total of 196 employees (98 pairs) with duplicate bank details, despite them being unrelated and living at different addresses. Subsequent investigation found that the report produced had overwritten bank details for employee's job sharing. This has raised the issue of a lack of review of potential duplications in the payroll data.
- Our review of the contract management process for the Zalaris contract found that the project log maintained by the Council has not been kept up to date regularly.
- From a sample of five employees acting up, we identified one employee for whom the date of act up requested on the form, the date confirmed to the employee, and the date added to SAP did not match.

CAS13 Covid-19 Pandemic Related Expenditure July 2023	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	4
	Moderate	Moderate	Low	-

Purpose of audit:	To provide assurance over the accuracy and completeness of reported spend with regards to Covid-19 related expenditure incurred by the Children and Adults Services department.

Background:

The Covid-19 pandemic has been an unprecedented public health and economic emergency. Local authorities in England made a major contribution to the national response to the pandemic, working to protect local communities and businesses, while continuing to deliver existing services. The pandemic in turn placed significant pressure on local authorities' finances, which in many cases were already under strain going into the pandemic. Southwark Council has faced a range of cost pressures due to the pandemic including the need to deliver new programmes and services; increases in the costs of, and growing demand for, some existing services; and reduced opportunities to deliver savings programmes.

Key areas of additional expenditure incurred by the Children and Adults Services department during the Covid-19 pandemic included:

- Infection Control within buildings and Care Providers. 217 Infection control purchases were made between April 2021 – June 2022 totalling £1,887,544.61.
- Personal Protective Equipment (PPE). 17 purchases of PPE was made between April 2021 – June 2022 totalling £6,172.22.
- Free school meals. 687 free school meal payments were made between June 2021 – July 2022 totalling £3,019,604.50.
- Uber costs for workers who needed to travel to destinations during lockdowns. 9545 Uber Journeys were completed between April 2021 – June 2022 totaling £22,773.97.

Areas of strength:

- We confirmed that Covid-19 related expenditure updates were provided to the Commissioning Division Management Team (CDMT) monthly, and our review of the monthly minutes and budget reports found the information to be sufficiently detailed.
- Evidence of appropriate approval of payments to be issued to schools was provided and evidence of further sample checking was provided.
- Our review of infection control payments found evidence to support the validity of expenditure for each of our sample, that purchase orders had been raised, supporting invoices retained, and that letters issued to providers had been approved and sent by the Director of Commissioning Children's and Adult's Services.
- Whilst there were no formal policies or procedures in place for verifying and approving school meals, our review of the working processes found that payments made to schools were appropriately verified and approved.

Areas of concern:

- Written policies and procedures were not developed in respect of the areas within the scope of this audit: passporting of money to providers for infection control equipment, staff purchasing PPE, distribution of payments to schools to compensate free school meal vouchers or allowable Uber Journey expenditure.

- A framework has not been developed or a log maintained to capture lessons from issues encountered during the pandemic with regards to Covid-19 related expenditure, to identify improvements specific to the finance processes.

- With regards to travel by Uber, we identified several exceptions to the required processes:
    - The 'Uber Medics Guide' requires that an individual staff risk assessment must be completed prior to travelling via Uber, and the outcome must show that it is appropriate for that individuals to work in the office or in the community. For a sample of ten journeys, we identified that no risk assessments had been completed.
    - For the same sample of ten journeys, there were no records to demonstrate the Uber nomination form had been completed and saved centrally.
    - The Uber for Business document during the pandemic stated that 'whilst on council business, you should avoid using public transport, including commuting to and from the office, then you may use the Uber Business Account and Southwark Council will cover the cost.' We identified Uber journeys that had not been completed for business use.
    - Monthly random sample checks had not been completed by management to verify that Uber journeys made by staff are appropriate.
    - Although authorised staff members have been provided access to the Uber Journey account to complete Council related journeys, there was no approved listing of the authorised staff members that have access to the Uber business service.

FG04 **Member Officer Protocol** July 2023	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	1
			Medium	2
	Moderate	Limited	Low	-

Purpose of audit:	To provide assurance that the member/officer protocol reflects good practice and that it is being operated in practice and cases where it is not working effectively are identified and addressed.

Background:

Good relationships between Members and Officers are important in aiding the decision-making process and helping to boost public confidence in the Council. A protocol that defines each party's responsibilities creates certainty, which in turn leads to better decision-making and a more satisfied customer. A balance between formality and informality should be struck in relationships maintained between Members and Officers. There are dangers in over emphasising informality, such as informal agreements being reached which require formal documentation, whilst unnecessary formality is unduly restrictive. In terms of the current roles and situations, formal relations need to be maintained in all public decision-making arenas. More informal relations may be appropriate, however, in panels and task and finish groups for example as well as in community development initiatives and for strategy formulation or problem-solving.

The Council's Member and Officer protocol was introduced in May 2004. The protocol forms part of the Council constitution. The Audit, Governance and Standards (AG&S) Committee advises the Council on the revision of these protocols. Any changes are further considered by the Constitutional Steering Panel and agreed by Council Assembly. The responsibility for maintaining and updating the protocol rests with the Director of Legal and Governance Services within the Finance and Governance Department.

The Member Officer Protocol is in place to guide the internal relationship between Officers and Members, and it covers a variety of issues such as: access to information, member enquiries confidentiality and when things go wrong. Complaints about the conduct of elected Members are dealt with under the provisions of the Localism Act 2011, the Code of Conduct and the Council arrangements for dealing with complaints. AG&S committee are responsible for reviewing and updating the Member Officer protocol, whilst the Standards sub-committee are responsible for considering sanctions where it has been found that a Member is in breach of the code of conduct following a complaint. The operation and interpretation of the Member Officer protocol or questions about a breach should always be referred to the Monitoring Officer.

Areas of strength:

- The Council has a Member and Officer Protocol that details roles and responsibilities, relationship guidance and the complaints procedure.
- For a sample of ten enquiries made by Members, we found that all were acknowledged and responded to in a timely manner.
- Where the Monitoring Officer decides that a member's complaint should proceed to an investigation, a suitably qualified person is commissioned to complete an independent review on complaints and report to the findings to the Investigating Officer, who then produces a report of their findings.

The report is shared with the complainant and the relevant member at draft stage before being finalised. A Member's Enquiry Working Group has been set up to improve the member enquiry process and the quality of information provided as responses.

- All new Members attend a schedule of mandatory and optional training in their first few weeks after election. The Council also arranges additional training on specific areas requested by Members in areas such as media, climate change and anti-racism.

Areas of concern:

- The Council's Member and Officer Protocol has not been reviewed since February 2020.

- From a review of the Council's training records, less than 50% of Senior Officers have completed mandatory training on Safeguarding, Data Protection, Corporate Induction, Unconscious Bias and Southwark Ways of Working.

- We were informed that attendance for the Members' training programme is recorded but we were not provided with any evidence of this.

- We were not provided with the procedure on how to deal with Member enquiries, such as the review process for cases, case allocation, which service departments are involved when responding to enquiries and what methods are appropriate when communicating with customers. From a survey completed by a sample of five Members and five Officers, we found that the Members were not satisfied with the quality of responses and Officers felt they did not receive sufficient training to provide accurate responses and deal with the Members requests.

6. SUMMARY OF RECOMMENDATIONS STATUS

Of the 447 high and medium recommendations relating to 2017-18 to 2022-23, that have fallen due, we have confirmed with reference to evidence that 413 have been fully implemented or superseded, representing 92%, an increase of 3% from our last report to the Committee.

We have confirmed that all recommendations relating to 2017-18 and 2018-19 have been completed.

The chart shows the relative percentages for each year from 2019-20 to 2022-23.

There remains some longstanding recommendations from previous years that are yet to be fully implemented, but these have now reduced in number.
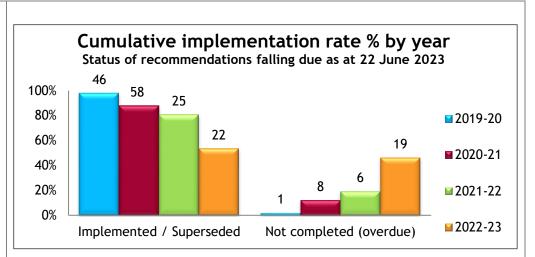
There are also several audits where the originally agreed implementation date has not been met and a new date has been provided. In addition, several audits remain for which the required update was not provided by the date of reporting, which are indicated in our summary.

The implementation rate may be higher than 92%. However, without management responses and supporting evidence, we cannot confirm this.

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 22 June 2023

Legend: 2019-20, 2020-21, 2021-22, 2022-23

Implemented / Superseded: 46, 58, 25, 22
Not completed (overdue): 1, 8, 6, 19

RECOMMENDATION IMPLEMENTATION RATES BY AUDIT WHERE NOT YET FULLY COMPLETED

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		
Assistant Chief Executive's Department - Governance and Assurance									
2022-23 Complaints	2	-	-	1	1	-	-	0%	~~March 2023~~ August 2023
Children's and Adults Directorate									
2020-21 Payments to Children and Families	3	-	2	1	-	-	-	66%	~~January 2021~~ ~~April 2023~~ July 2023
2021-22 Adoption Services	3	1	-	1	1	-	-	33%	~~January 2023~~ ~~June 2023~~ September 2023
2022-23 Continuing Healthcare	3	-	-	-	-	-	3	0%	~~October 2022~~ Awaiting update
Environment, Neighbourhoods and Growth Directorate									
2020-21 Community Infrastructure Levy	1	-	-	-	1	-	-	0%	~~December 2020~~ July 2021 Awaiting evidence
2020-21 South Dock Marina	1	-	-	1	-	-	-	0%	~~June 2022~~ ~~November 2022~~ ~~March 2023~~ June 2023
2021-22 Movement Policy and Plan	6	-	-	-	3	-	3	0%	~~September 2021~~ ~~Jan 2023~~ ~~July 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		
									September 2023
2022-23 Leisure Services	1	-	-	-	1	-	-	0%	July 2022 January 2023 Awaiting evidence
2022-23 Highway Maintenance	1	-	-	-	1	-	-	0%	May 2022 May 2023 Awaiting evidence
2022-23 Library Services	4	-	1	-	3	-	-	25%	September 2022 April 2023 July 2023
2022-23 Licensing Audit	2	-	-	-	-	-	2	0%	April 2023 Awaiting update and evidence to confirm implementation
Finance Directorate									
2019-20 Home Ownership – Garages	3	1	1	-	1	-	-	67%	April 2020 January 2021 November 2021 September 2022 March 2023 June 2023 July 2023
2020-21 Software Asset Management	4	-	2	-	1	-	1	50%	March 2022 September 2022 December 2022 June 2023 August 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		
2022-23 Insurance	2	-	-	-	2	-	-	0%	~~December 2022~~ July 2023
2022-23 Software Licensing Management	5	-	-	-	3	-	2	0%	~~February 2023~~ ~~July 2023~~ October 2023
Housing Directorate									
2021-22 Cooper Close TMO	3	-	1	-	2	-	-	33%	~~April 2022~~ ~~July 2022~~ Awaiting revised implementation date
2021-22 Major Works	3	1	1	1	-	-	-	67%	~~June 2022~~ ~~July 2022~~ ~~March 2023~~ ~~April 2023~~ September 2023

FURTHER INFORMATION ON RECOMMENDATIONS NOT YET IMPLEMENTED WHERE UPDATES WERE RECEIVED

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
Children's and Adults Directorate		
2021-22 Adoption Services		
The Council should perform an exercise to ensure it has captured the latest contact details of all adopters in addition to identifying all financial assessments which are over 12 months and ensure that a plan is developed to bring these up to date as soon as possible. **High**	HoS Permanence and Resources / AD Safeguarding and Care ~~January 2022~~ ~~July 2023~~ September 2023	The Service Development Manager for Children and Families confirmed that the activity is now completed as routine point in time exercises. However, the strategic intention remains to develop new Live Reporting Tools to track performance, through Power BI. Development of the Power BI is within the overall departmental Data Programme, but is not yet completed. We have therefore revised the target date to September 2023 to allow for delivery in line with strategic intentions.
The Council should update its policies and procedures handbook, specifically the Adoption and Special Guardianship section to reflect any changes in staff or procedures since April 2019. Additionally, the National Minimum Standards for Adoption 2011 should also be updated to consider the latest 2014 revision of the standard. **Medium**	HoS Permanence and Resources / AD Safeguarding and Care ~~Dec 2021~~ ~~July 2023~~ September 2023	The Service Development Manager for Children and Families confirmed that the divisional policy review programme is progressing, Adoption and SGO policies have been partially reviewed with amendments drafted and the full suite of the relevant policies remains in progress. We have therefore revised the target date to September 2023.
Environment, Neighbourhoods and Growth Directorate		
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	Harbour Master ~~June 2022~~ ~~November 2022~~ ~~March 2023~~	We have requested updates on 19/05/23, 19/06/23, 22/06/23 and 28/06/23, but have not yet received a full response.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
either the Havenstar system (pending relevant modules and system upgrades) or the Marina's shared drive. **Medium**	June 2023	
2021-22 Movement Policy and Plan		
The Project Board should agree implementation dates for actions agreed and document these in the project board minutes via an action log. Actions should be followed up at subsequent meetings to confirm completion or discuss and record reasons for delays and new implementation dates. The terms of reference for the project board should be written and subject to appropriate approval. Medium	Head of Highways ~~July 2021~~ ~~TBC~~ ~~June 2023~~ July 2023	We reviewed the Terms of Reference for Streets for People Strategy Boards and confirmed this is now in place. We reviewed the minutes from Project Board meeting on 9 June 2023 and found that implementation dates were not yet included.
A high level risk of the Movement Plan implementation should be entered on to the Corporate Risk Register. Management need to identify, assess, mitigate, and review the risk(s) that may prevent the implementation of the Movement Plan Risk owners should be identified for the Highways programme risk register. Management should clearly identify the mitigations for the Highway risks that have been implemented. Where mitigations have been implemented for Highways to reduce the risks, the current risk scoring should be reported / produced if applicable. Medium	Transport Policy Manager ~~August 2021~~ ~~Jan 2023~~ ~~May 2023~~ July 2023	We were advised that a risk register is being maintained for the Streets for People Policy, giving owners and mitigation. This is being kept as a live document during development and the final version will be entered into the delivery phase of the Streets for People programme. This will also be included in the divisional risk register. Entry into the divisional risk register is currently being complied and the strategy is to be submitted to Cabinet for approval on 10 July 2023.
The transport policies should be updated and prioritised to align with the Movement Plan. Medium	~~Planning Policy Manager~~ Head of Highways ~~July 2023~~ September 2023	We were advised by the Head of Highways that all relevant Transport policies including Climate Change, Air Quality, EV charging, Parking, Cycle Strategy, Kerbside Management are prepared and will be subject to consultation in August/September 2023. All policies will be incorporated or referenced in the new Streets for People Strategy. Draft strategy is to be taken to Cabinet in July 2023.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
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~~ Awaiting Evidence	This action was completed in January 2023; however, we are awaiting evidence before marking as complete. We have requested evidence on 19/05/23, 19/06/23, 22/06/23 and 28/06/23, but have not yet received a full response.
2022-23 Highway Maintenance		
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 include a sample of random invoiced work orders to the audit schedule. **Medium**	Engineering Services Manager ~~May 2022~~ ~~January 2023~~ Awaiting Evidence	We are currently awaiting evidence for this action before marking as completed. We have requested evidence on 19/05/23, 19/06/23, 22/06/23 and 28/06/23, but have not yet received a full response.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
2022-23 Licensing Audit		
a) The service should proactively suspend and/or collect fees for unpaid licensing applications. b) Management should closely monitor payment due dates and ensure appropriate steps are taken to promptly suspend and collect fees for unpaid licenses. c) Key performance indicators for the collection of payments should be set, and monitored by management. Medium	Team Leader April 2023	We have requested evidence on 19/05/23, 19/06/23, 22/06/23 and 28/06/23, but have not yet received a full response.
The service should prepare periodic reports that monitor and highlight performance against the service's KPIs such as application processing times, number of applications waiting to be processed, and collection and recovery of fees and charges. These reports should be presented to senior management to ensure oversight, monitoring, and escalation where underperformance is identified. Medium	Team Leader April 2023	We have requested evidence on 19/05/23, 19/06/23, 22/06/23 and 28/06/23, but have not yet received a full response.
Finance Directorate		
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~~ ~~June 2023~~ July 2023	We were advised by the Operations Manager that the garage automated waiting list and allocations programme has now been created, and testing has completed. The delayed go-live date for June 2023 has been delayed further awaiting NEHC and the Housing i-world team to load the programme which has been delayed due to issues with payment links pending resolution. The programme is now planned for launch in July 2023.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
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~~ August 2023	We were advised that the implementation date has been revised to 31st August 2023, due to ongoing collaboration with TDS and STS redesign of a suitable policy.
2022-23 Software Licensing Management		
A draft policy to cover the management of software licences will be written with specific reference to	Head of Security and Infrastructure ~~Feb 2023~~	We were advised by the Head of Infrastructure and Operations that an introductory meeting with STS was held last week to pursue the Software

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
procurement of new systems, changes to contractual agreements and Starters/Movers/Leavers. **Medium**	~~June 2023~~ October 2023	Policy scoping and writing. The Head of Infrastructure and Operations has implemented a working group that will bring this together. However, this is still a work in progress, and we were advised of a revised implementation date of October 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 were, 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~~ September 2023	We were advised by the Head of Infrastructure and Operations that this remains a live piece of work with senior stakeholder engagement/agreement in place and budget allocated for the delivery of the Software Asset Discovery and Capture. The tool that was being planned requires a further review to ensure it will deliver the information required. We were therefore advised of a revised implementation date of September 2023.
Housing Directorate		
2021-22 Cooper Close TMO		
With reference to the finance and procurement rules, the TMO should review current suppliers and consider whether each continues to provide value for money. Alternative quotes should be obtained in line with the	Treasurer ~~January 2022~~ TBC	We were advised by the Monitoring Officer for Tenant Management Initiatives that Cooper Close TMO have been without a manager for a while now and there is no designated officer to complete the recommendations. An update has been re-requested from the TMO.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
procurement procedures, unless a long term contract is in place. **Medium**		
The TMO should review the Management Committee terms of reference annually to ensure they are up to date. **Medium**	Chair ~~April 2022~~ ~~July 2022~~ TBC	We were advised by the Monitoring Officer for Tenant Management Initiatives that Cooper Close TMO have been without a manager for a while now and there is no designated officer to complete the recommendations. An update has been re-requested from the TMO.

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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