INTERNAL AUDIT PROGRESS REPORT

London Borough of Southwark

For presentation to the Audit, Governance and Standards Committee

6 September 2023

CONTENTS

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

The status of the audits commenced to date for 2022-23 is outlined within section 3 of this report. We were aiming to have finalised all reports for work relating to 2022-23 by 30 June 2023, however we are awaiting final management responses in two cases, as highlighted in the summary in section 2.

Where reports have been finalised since the last meeting of the Committee, the executive summaries are included in section 4.

Internal audit programme for schools

The fieldwork and draft reports for all 2022-23 schools' audits have been completed. The assurance ratings for schools where final reports have been issued are included in section 2.

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. A schedule of progress and internal audit opinions will be included in section 2 in our November 2023 progress report.

Internal audit plan 2023-24

The status of the audits commenced to date for 2023-24 is outlined within section 3 of this report.

Where reports have been finalised since the last meeting of the Committee, the executive summaries are included in section 4.

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 that are due 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.

Since our last report in July 2023, the recommendation implementation rate has decreased slightly from 92% to 90%. Slippage on the implementation of recommendations arising from final reports issued in June and July 2023 is a contributory factor to this position.

Non-Internal Audit assurance work completed since the last meeting.

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

<u>Transparency Reporting</u> – we continue to provide support and challenge to the Council in meeting its obligations for reporting of expenditure under the Local Government Transparency Code 2015. No issues to prevent publication of the information have arisen.

2. SUMMARY OF INTERNAL AUDIT WORK IN PROGRESS 2022/23

The table below does not include the final reports for 2022-23 which have been previously presented to the Audit, Governance and Standards Committee. 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 – EXECUTIVE SUMMARIES INCLUDED IN THIS PROGRESS REPORT						
Building Control	Director, Planning and Growth	✔	✔	✔ Final Report	Substantial	Moderate
Building Safety	Director, Asset Management	✔	✔	✔ Final Report	Limited	N/A
Climate Emergency Strategy and Green Economy Plans	Climate Change and Sustainability Director	✔	✔	✔ Final Report	Moderate	Moderate
IT - Applications Review	Chief Digital and Technology Officer	✔	✔	✔ Final Report	Moderate	Moderate
Hospitality and Gifts Register, Register of Interests	Assistant Chief Executive – Governance and Assurance	✔	✔	✔ Final Report	Moderate	Moderate
Housing Rents	Director, Customer and Exchequer Services	✔	✔	✔ Final Report	Moderate	Moderate
Mosaic	Director, Adult Social Care and Director, Children and Families	✔	✔	✔ Final Report	Moderate	Moderate
Private Sector Licensing	Director, Environment	✔	✔	✔ Final Report	NA Advisory	NA Advisory
Safeguarding - Adults	Director of Adult Social Care	✔	✔	✔ Final Report	Moderate	Moderate

Audit	Director / Audit Sponsor	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Supporting Families Grant Claims 1 April 2023 to 31 July 2023	Director, Children and Families	✔	✔	✔ Final Report	NA Grant audit	NA Grant audit
DRAFT REPORTS ISSUED						
IT - Cloud Computing Maturity	Chief Digital and Technology Officer	✔	✔	✔ Draft Report 5 July 2023		
Parking Management & Estates Parking Permits	Director, Environment	✔	✔	✔ Draft Report 23 May 2023		

Schools internal audit plan 2022-23

The table below includes the status of audits commenced to date.

School	Status	Design	Operational Effectiveness
Charlotte Sharman Primary	Final Report	Moderate	Limited
Dulwich Wood Primary School	Final Report	Moderate	Limited
Peter Hills with St Mary's & St Paul's Church of England Primary School	Final Report	Moderate	Limited
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
Keyworth Primary School	Final Report	Moderate	Moderate
Haymerle School	Final Report	Moderate	Moderate
Ilderton Primary School	Final Report	Moderate	Moderate
Michael Faraday Primary School	Final Report	Moderate	Moderate
Oliver Goldsmith Primary School	Final Report	Moderate	Moderate
Phoenix Primary School	Final Report	Moderate	Moderate
Southwark Inclusive Learning Service	Final Report	Moderate	Moderate
St Joseph's Junior School	Final Report	Moderate	Moderate
St Joseph's Roman Catholic Primary School, George Row	Final Report	Moderate	Moderate
Tuke School	Draft Report 26-May 2023		
Grove Children & Family Centre	Draft Report 09-Jun-23		
St Peter's Church of England Primary School	Draft Report 26-Jun 2023		
Crawford Primary School	Draft Report 30-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		

3. SUMMARY OF INTERNAL AUDIT PLAN 2023-24

The table below includes the status of audits commenced to date and outlines all agreed work at the time of writing. For those audits not yet at reporting stage, the table is split by directorate. For those audits shaded in grey, the executive summaries are included in section 4.

Audit	Director / Audit Sponsor	ToR issued	Fieldwork (planned / indicative)	QA / Reporting	Design	Operational Effectiveness
FINAL REPORTS – PREVIOUSLY PRESENTED TO THE AUDIT, GOVERNANCE AND STANDARDS COMMITTEE						
Family Hubs and Start for Life	Director, Childrens Services	✔	✔	✔	NA Grant audit	NA Grant audit
FINAL REPORTS – EXECUTIVE SUMMARIES INCLUDED IN THIS PROGRESS REPORT						
Capital Expenditure Management – General Fund	Strategic Director, Finance/ Chief Accountant	✔	✔	✔ Final Report	Moderate	Moderate
Sickness Absence Management	Assistant Chief Executive - Governance and Assurance	✔	✔	✔ Final Report	Moderate	Moderate
Supporting Families – Grant Audit	Director, Children and Families	✔	✔	✔ Final Report	NA Grant audit	NA Grant audit
DRAFT REPORTS ISSUED						
Voids	Director of Resident Services	✔	✔	✔ Draft Report 18 Aug 2023		
Children and Adult Services Directorate						
Adopt London Partnership	Director of Childrens Services / Director of Finance	Scoping	6 Nov 2023			

Audit	Director / Audit Sponsor	ToR issued	Fieldwork (planned / indicative)	QA / Reporting	Design	Operational Effectiveness
Care Leavers	Director, Children and Families	Planning	27 Nov 2023			
Direct Payments	Director, Adult Social Care	✔	✔			
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	✔	✔			
New: Mountview Academy of Theatre Arts	Director of Education	✔	✔			
Pupil Registry Systems	Director of Education	✔	✔			
Service assurance / change programme review	Strategic Director, Children and Adult Services	Planning	Q3 / Q4			
Environment, Neighbourhoods and Growth Directorate						
Estates Cleaning and Grounds Maintenance	Director, Environment	Planning	Q3			
Leisure services – advisory	Director, Leisure	✔	✔			
Leisure services – assurance	Director, Leisure	Scoping	11 Dec 2023			

Audit	Director / Audit Sponsor	ToR issued	Fieldwork (planned / indicative)	QA / Reporting	Design	Operational Effectiveness
Major regeneration - programme & projects	Director of Planning and Growth	✔	✔			
Planning applications and s106 agreements	Director, Planning and Growth	✔	✔			
Tree Management Service	Director, Leisure	✔	✔			
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 – Housing Revenue Account	Director, Finance	✔	✔			
Contract Management	Head of Procurement	Planning	Q3			
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	✔	11 Sept 2023			
Housing Benefits	Director, Customer and Exchequer Services	Planning	Q3			
Mosaic	Director, Customer and Exchequer Services	Planning	Q4			

Audit	Director / Audit Sponsor	ToR issued	Fieldwork (planned / indicative)	QA / Reporting	Design	Operational Effectiveness
Payments to individuals outside of PAYE / IR35	Director of Exchequer Services / Director of HR	✔	✔			
Pensions Administration	Pensions Manager	Planning	Q4			
Service assurance / change programme reviews	Strategic Director, Finance	Planning	Q3 / Q4			
IT – Asset / Hardware Management	Chief Digital and Technology Officer	Scoping	Q4			
IT – Cyber Security	Chief Digital and Technology Officer	Scoping	28 Aug 2023			
IT – Service Review	Chief Digital and Technology Officer	Scoping	Q4			
IT – Shared Service Governance	Chief Digital and Technology Officer	✔	25 Sep 2023			
Housing Directorate						
Housing Adaptations	Director, Asset Management	✔	✔			
Housing Solutions - Applications and Allocations	Director, Resident Services	Planning	Q4			
Service Assurance / Change Programme Reviews	Strategic Director, Housing	Planning	Q3 / Q4			
Social Housing Act	Director, Resident Services	✔	✔			
Southwark Building Services – Service Improvement Plan	Director of Asset Management	✔	✔			
Statutory Disrepairs	Director, Asset Management	✔	4 Sep 2023			

Audit	Director / Audit Sponsor	ToR issued	Fieldwork (planned / indicative)	QA / Reporting	Design	Operational Effectiveness
Temporary Accommodation Budget Recovery Board - Advisory	Director, Resident Services	Ongoing	Ongoing			
Tenancy Management Organisations (TMOs) Cyclical Reviews	Director, Resident Services	Scoping	28 Aug 2023			
New: Tenancy Management Organisation – Accounts Objection Review	Strategic Director, Housing and Strategic Director, Finance	✔	✔			
Strategy and Communities						
Council Delivery Plan	Assistant Chief Executive, Strategy and Communities	✔	✔			
Economic Renewal Plan / Strategy	Assistant Chief Executive, Strategy and Communities	Planning	Q3			
Governance and Assurance						
Corporate Facilities Management	Assistant Chief Executive, Strategy and Communities	Planning	Q3			
Payroll	Director, Customer and Exchequer Services	Planning	Q4			
Records management	Assistant Chief Executive / Director, HR, FM, and ICT	✔	✔			
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	Q3			
Commissioning of services	Director, Commissioning	Planning	Q4			

4. EXECUTIVE SUMMARIES OF REPORTS FINALISED SINCE THE LAST MEETING

CX34 **Building Control** August 2023	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	1
	Substantial	Moderate	Low	1

Purpose of review:	To provide assurance over the adequacy and effectiveness of the Council's controls and approach in delivering and enforcing compliance with building control regulations.	**Added value:**	We compared the information included on the Council's web page on building control with other similar local authorities. We noted that the Council's web page included all key sections and relevant information, and the other local authorities did not have any additional key sections that were missing from the Council's web page on building control.

Background:

Local authorities have a legal duty to provide an at-cost building control service to the public under the Building Act 1984. This includes a duty to enforce the Act in their jurisdiction and retain ultimate responsibilities for decision-making with regards to enforcement action. An at-cost building control service is for the fee-paying part of the service. The Council has a statutory duty to provide a dangerous buildings service at no cost to the customer. Building regulations cover how applications for building works should be made, the duties and responsibilities of people involved, the actual technical requirements and what can be done without notifying the Council, sometimes referred to as Exempt Works.

The building control service accepts, assesses, and makes decisions on applications submitted, to ensure that the building control requirements are met. The service carries out site inspections during a building project to verify compliance. Upon satisfactory completion of the building works, a Completion Certificate is issued when requested by the applicant. The service also offers advice and support where certain services can attract a charge depending on the type of property involved i.e., domestic/non-domestic. A daily inspection list is maintained centrally in the office and inspections are allocated to surveyors each day. Outcomes of inspections are then updated onto the Council's database.

A new Business Portal has been developed to enhance the customer experience. This incorporates customer self-service, fee calculations and in turn increases the Council's monitoring protocols. An overall programme dashboard system presents management information in a structured manner, enabling effective trend analysis.

There are different types of Building Control consent applications depending on the nature and status of the project. The Council accepts the following application types: Building Notice, Full Plan, Regularisation, Special or temporary structures (Section 30) and Demolition (Sections 80 and 81)

Areas of strength:

- The Procedures Manual and Quality Manual include relevant sections relating to the Council's building control function. They are sufficiently detailed and record the processes (flowcharts) and key roles and responsibilities.

- The Building Control Team has a building control resource plan, which sets out the timescale and work programme for addressing the building control resourcing issues. The Team has regularly reported that the workload demands cannot be met. To address this, a transformation programme has been introduced to enable understanding of workflow and resources.
- The Learning and Development Plans used by for staff to assess whether the Building Control Team members' training needs were up to date, and members were carrying out their roles and responsibilities in line with the regulations. There are six-monthly and end of year performance reviews which are documented as set out in the Council's performance management procedures, these include reviews of learning and development.
- The Building Control Team splits their staff time into Chargeable Building Regulations Activities (85%), Non-chargeable Building Regulation Activities (8%) and Other Building Control Activities (7%). This is split on the basis of CIfA (Chartered Institute for Archaeologists) Standard Classification guidance. In terms of cost recovery, we noted that, for 2021-22, this was not achieved as there was an overspend of £0.5m. In 2022-23, new finance measures were put in place, leading to the Council achieving cost recovery for the fee-paying service.
- Regular management information reports are produced through Uniform and include statistics on applications completed/pending, and actions are recorded and followed up to completion. The reports are shared with the Head of Service at least on a weekly basis. Actions are tracked on a spreadsheet through the weekly meetings.
- Revenue monitors are prepared by the Council's Finance Team for the Building Control function. The monitor includes information such as budget to date, spend to date, SAP budget, projected outturn, actual outturn, variances, explanation/comments by the Building Control Manager and the Finance Team. These details are recorded for Dangerous Structures (RE123), Chargeable Building (RE127), Non-Chargeable Building (RE128) and Other Building Control Account (RE129).
- The Business Portal and Dashboard provides detailed information on finance, time recording and workload.
- The Council's Building Control webpage includes information on the building safety programme, LABC, general advice and help, report a dangerous structure, applications and charges, party walls and arrange for a site inspection. The Building Control charges booklet was last updated in September 2022 and the website also explains how payments can be made. We conclude that there is sufficient guidance available on the Council's webpage for public information. The webpages were regularly updated for new information in the period July 2021 to February 2023to reflect changes within the process and/or regulations.

Areas of concern:

From our review of a sample of 20 building control applications in the period, the following exceptions were identified:

- In two cases (Full Plan), a decision was not made within 5-8 weeks of receiving the application.
- In seven cases, evidence of inspections completed was not available.
- In four cases, evidence of application payment receipt was not available.

CX34 **Building Safety** August 2023		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
				Medium	1
		Limited	N/A	Low	1
Purpose of review:	To provide assurance on the Council's preparedness for the implementation of the Building Safety Act and Fire Safety Act. Our review included the engagement and performance of consultants and contractors employed on behalf of the Council.	**Note on operational effectiveness opinion:**		No opinion on control effectiveness is provided as the Council is still in preparation for the implementation of the Building Safety Act and Fire Safety Act. A further audit will be carried out in Q1 of 2024-25 to review both the controls and their operational effectiveness.	

Background:

The Building Safety Act 2022 (the BSA) received Royal Assent on 28th April 2022 and is intended to ensure the safety of people in or about higher-risk residential buildings (HRRB). The BSA is a response to the Grenfell fire on14 June 2017. Secondary legislation that came into force on 28 April 2023 and there will be more secondary legislation in due course.

The BSA defines HRRB as at least 18 meters in height or at least seven storeys whichever comes first and contain at least two residential units. The BSA applies throughout the life cycle of a building. The Council has determined that it has 187 HRRB in scope, and other significant buildings for which it is responsible.

The BSA introduced the Building Safety Regulator (BSR) of the Health and Safety Executive (HSE) to enforce the BSA and advise Government. There is a key timeframe, 28 April 2023 to 1 October 2023, during which the in-scope HRRB need to be registered with the BSR. Failure to register with the BSR or comply with the building safety requirements may result in penalties and legal action.

The principal accountable person (PAP) and accountable person/s (AP/s) or duty holders have new responsibilities placed upon them to demonstrate that they have taken all reasonable steps to manage buildings safely. Amongst these responsibilities is the legal requirement to collate a building safety case followed by an all-important building safety case report, will need to be presented to the BSR. The safety case report is a particularly important part of complying with the new legislation and is ultimately crucial in reducing the risk to life safety in the Council's buildings. The accountable person(s) is required to be able to demonstrate the safety case report via a Golden thread of information at Planning Stage (also known as Gateway 1), at Construction Stage (also known as Gateway 2), and the Occupation Stage (also known as Gateway 3). The golden thread is the name given to the information that exists to monitor and track the lifecycle of HRB. The BSR will require the Golden thread to be in digital form, although the specifics of the golden thread are yet to be detailed in secondary legislation in due course.

Since the fire in Lakanal House on the Sceaux Gardens Estate in Camberwell that occurred in 2009, over £45m has been allocated to the Council's fire risk safety programme and associated fire safety works for all social housing in the borough. There is a dedicated in-house Fire Safety Team with a primary role to carry out Fire Risk Assessments (FRAs). There is a register of all FRAs for the council-owned blocks, which is maintained on the Council's

asset management database system, APEX as well as other information on the condition of the tenanted housing properties, concerned with Building Safety. There is a Building Safety Programme which will allow the Council to respond to the Fire Safety Act 2021 and the Building Safety Act 2022, whilst also helping to meet their Duty of Care towards residents. The programme has an agreed governance structure, with a Partnership Board, Operational Group and Strategy Board. The programme is comprised of 12 work streams: Governance; Finance; Council Stock – Surveying and Remediation; New Builds; Private Sector – Surveying and Remediation; Private Sector Enforcement; Building Control and Planning; Homeownership; Resident Participation; Stakeholder Engagement; Recruitment, Training and Skills; and Data Systems.

The Council is undertaking fire and building risk safety appraisals: structural safety; means of warning and escape; internal fire spread (linings); internal fire spread (structure); external fire spread; access and facilities for the London Fire Brigade (LFB); also, the construction materials to better understand the construction materials and workmanship on their high-rise buildings. The Southwark Fire and Building Safety Teams work closely with LFB and meet regularly with them, informing them of progress on the risk profile of the borough.

Areas of strength:

- The Building Safety Programme is focused on the Council's risk mitigation and response to The Fire Safety Act (2021), The Building Safety Act (2022), relevant safety regulations and the Council's duty of care towards residents and the public.
- The register is used as a tool to monitor the legislation framework, and to highlight issues, and requirements relevant to fire and building safety.
- There is a Partnership Board, Operational Group and Strategy Board in place to monitor the Council's progress with the Building Safety Programme.
- The Council has determined its in-scope buildings and that there are 187 Higher Risk Residential Buildings (HRRB): a building that is at least 18 metres in height or has at least 7 storeys, containing at least 2 residential units.
- There is a roadmap aimed at enabling registration of all in-scope buildings with the Regulator within the designated timeframe, April – 1 October 2023.
- The Council have decided they are unable to demonstrate compliance with the BSA via the asset management system, Apex, due to its ongoing data quality issues. Procurement decisions were made in June 2023 to implement compliance management system, True Compliance in 2023-24, and a new housing management software, a NEC housing module of the Northgate (NEC) asset system.
- The golden thread definition and principles, at Appendix I, are driving and supporting a culture change and requirement for increased competence and capability, different working practices, updated processes, new compliance systems implementation and a focus on data quality and information management and control, which is still evolving.
- A new comprehensive, integrated BSM information system has been developed with effect from April 2023 which uses Plan, Do, Check, Act (PDCA) methodology.
- The BSM includes new DMP applicable to all documentation developed to support and maintain the effectiveness of the BSM and updated Standard Operating Procedures.

Areas of concern:

- The fire and building safety policy and emergency response procedures have not been reviewed, ratified, and approved.

- Structural arrangements are not comprehensive and clearly coordinated to enable better and more collaborative working with divisions and third parties upon which the Head of Building Safety places reliance in accordance with the relevant safety regulations, including Engineering & Fire Safety.

- High staff turnover and team restructures have created difficulties in continuity and efficiency for the implementation of the Fire and Building Safety Acts, and relevant safety regulations. A lack of comprehensive record keeping as well as CPD for consultants and contractors that fall under the BSA may mean the new Head of Building Safety may have difficulty demonstrating that key consultants and contractors have had appropriate skills, knowledge, experience, and the behaviours needed to manage the functions they were appointed to do.

- The anticipated improvement of management information in line with the golden thread standard may be compromised if the Building Safety Management information system, including the document management control procedures are not embedded, and made readily available to the right people at the right time.

- The anticipated outcomes to improve data quality in line with the golden thread may be compromised if the new building safety compliance system, True Compliance and the new housing management system, NEC Software Solutions are not implemented, optimised, and supported by skilled personnel.

- The progress made is not being reported comprehensively or reviewed to ensure there is appropriate senior management oversight and expected targets are achieved in a timely manner.

FG12a **Capital Expenditure Management – General Fund** August 2023	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	3
	Moderate	Moderate	Low	-

Purpose of review:	To provide assurance on the adequacy of the design and operational effectiveness of General Fund Capital Expenditure Management.

Background:

The Council has a Capital Strategy which sets the policy framework for the development, management, and monitoring of capital investment. The Strategy focuses on core principles that underpin the Council's Capital Programme; its short, medium, and long-term objectives; the key issues and risks that will impact on the delivery of the Programme; and the governance framework required to ensure the Capital Programme is delivered and provides value for money for residents of Southwark. The Council's constitution requires Council assembly to agree the Capital Strategy and Programme at least once every four years, ensuring effective financial control and the achievement of value for money, within the provisions of financial standing orders.

The scale and complexity of the Capital Programme is immense, representing a major element of the Council's financial activities, with portfolios of projects made up of several smaller Capital investment schemes and projects. The Capital outturn report to Cabinet for 2022-23 dated 13 June 2023 stated that funding the Capital Programme is a significant issue. The Council now faces a position where planned spend is considerably more than forecast resources, not only in year, but also over the life of the Programme. Shortfall in Capital resources will mean that financing will be from borrowing, which will have accompanying debt charges, which will add to revenue costs. A funding requirement of £312m is needed to fully deliver the Capital Programme across the General Fund. Despite inflationary cost and interest rate rises the Council remains committed to an ambitious Capital Programme. Programmed general fund expenditure is estimated at £531m over the 10-year Programme. The Housing Investment Programme forecast expenditure is £2.7bn over the period 2022-23 to 2031-32.

Areas of strength:

- There is a Capital Strategy 2022-23, an overarching document which sets out the policy framework for the development, management, and monitoring of capital investment. The Capital Strategy was approved in line with the Council's constitution. The Capital Strategy Report was sent to the constitutional team for review and approval by the Strategic Director of Finance and Governance, and the report's author, the Departmental Finance Manager. The final version is dated 1 February 2022.

- The Capital Strategy aligns with the priorities set out in the Borough Plan and other key Council strategies. The Capital Strategy is integrated with the Medium-Term Financial Strategy and Treasury Management Strategy.

- Our testing of a sample of 12 projects from the Capital Programme within a sample of four directorates identified that senior officer teams were in place to deliver the projects, and roles were defined.

- Regular budget monitoring is undertaken. At Month 4 and Month 8 the strategic directors report a full explanation of any general fund Capital Programme variations that are projected, what action have or will be taken to mitigate the variations, the implications for service levels and key performance targets and detail of any risks. These budget monitoring reports are reported to Cabinet to provide regular updates on financial progress.
- Our testing of a sample of 12 schemes added to the Capital Programme identified that capital expenditure with the contractors was subject to gateway approval and the initial budget for the Fire Safety scheme at the Gypsy and Travellers Site included grant funding. New bids are reported to Cabinet at Month 4 and Month 8, providing opportunity to focus on the delivery of new projects and to explore further opportunities.

Areas of concern:

- The operational policies and guidance on the intranet for capital expenditure is general and broad and has not been reviewed or updated in the past five years.
- There is an absence of a documented structured process to evidence the framework in place over quality monitoring and reviews that occur throughout the lifecycle of the capital expenditure process by the corporate finance team., especially to focus project delivery on the key schemes that must be delivered in accordance with the available resources.
- Senior officer teams were in place to deliver the projects sampled, and roles were defined. However, there was no mandatory proforma to assign portfolios and projects to officers. Also, to confirm they have appropriate professional disciplines including finance, legal and property or to partnerships arrangements (where appropriate).
- Before submitting a report to Cabinet, directorate finance officers must decide whether to bid for grant or external funding. Our review identified there is no clear procedure for directorates to seek an initial agreement to proceed from the Strategic Director of Finance based on a scheme and estimate, including an appraisal of the most appropriate option in accordance with a prioritisation of the available resources.

EL63 **Climate Emergency Strategy** August 2023	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	4
	Moderate	Moderate	Low	-

Purpose of review:	To provide assurance over the agreed climate emergency strategy, including adequacy of supporting plans, resourcing and identification and development of capital investment proposals. The audit included the plans relating to the corporate facilities estate.

Background:

The most recent report from the Inter-Governmental Panel on Climate Change (IPCC) has been another stark warning, that things must change to avoid irreversible and damaging climate change. In July 2021, Southwark Council published its first Climate Change Strategy and Action Plan. The Council's updated action plan and progress report dated July 2022, aims to highlight these challenges. This also includes ensuring policies across the Council line up with climate plans, and the adoption of the Southwark Plan has stretching carbon reduction targets for new developments. In July 2022, the Council published its first annual update of the Climate Strategy and Action Plan to note progress made.

Tackling the Climate Emergency is a collaborative borough-wide effort and future efforts draw on the outcomes of the Citizens' Jury on Climate Change held from November 2021 to March 2022. This also integrates new political priorities and allocation of capital funds for appropriate projects. The Council has £25m in a Capital pot available for departments to bid for to spend on capital projects. The Council should also consider environmental considerations as part of wider capital investment across the Council. The projects must also improve the lives of people and future generations across the borough.

Areas of strength:

- We confirmed that the Council has a Strategy in place, reviewed and approved by Cabinet in July 2021 containing a strong goal for carbon neutrality. The Strategy includes the requirement of increased and broadened support from national government and contains details of the Council's emissions through recent analysis and carbon accounting standards with a solid baseline for work completed. Compared with good practice the Strategy contains detail above others reviewed, it is noteworthy the Council has included scope one, two and three emissions. The Strategy is published on the Council website.

- The Strategy contains details of carbon emissions as a baseline, with this being broken down into scope areas one, two and three. Scope one emissions are those the Council makes directly, scope two are those the emissions it makes indirectly, and scope three is emissions associated with the Council through its supply chain.

- An action plan is in place detailing the projects the Council is completing, which summarises the work completed to date and upcoming milestones and key performance indicators.

- A governance structure is in place allowing for quarterly monitoring to be completed at Directors Steering Group and Officers Delivery Group, alongside annual reporting to Cabinet. Both quarterly and annual reporting was confirmed as being in place.
- From a sample of five projects that received funding from the sustainability capital fund, these had appropriate application forms completed and these were approved by the Director of Environment and Lead Member.

Areas of concern:

- Whilst an action plan was in place the milestones in place had timescales listed as financial years or ongoing rather than specific quarters. Out of 109 projects, 22 of these had missed their initial milestones and had new milestones of 2023 or 2024. 24 milestones have been completed on time. This is being reviewed on a quarterly basis at Director and Officer groups to gather further information on how progress is being made.
- For projects that received funding for the sustainability capital fund, a process was not in place to gather feedback on the outcomes and carbon emission reduction achieved to document and report on these.
- For three reports submitted to Cabinet, climate change implications were not considered. These were based on the supply of agency workers which may have had a minor impact on climate if sourced from outside the Borough.
- The Council has neither an Accommodation Strategy nor a Corporate Facilities Estates Model to support it in measuring and controlling its own emissions to contribute to reductions across the borough.

TR09 **Hospitality and Gifts** July 2023	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	4
	Moderate	Moderate	Low	1

Purpose of review:	To review the Council's control framework with regards to officer Hospitality and Gifts, and Declarations of Interest.

Background:

Hospitality and Gifts

The Council has a Gifts and Hospitality Policy which is aligned with the Staff Code of Conduct. The policy aims to safeguard against the risk of allegations of impropriety. The rules are based on the fundamental requirements of Parliament, HM Treasury, and the National Audit Office. The policy applies to everyone working for the Council or on the Council's behalf. All staff must be seen to act with complete honesty and integrity and must not put themselves in a position where they could be accused of acting improperly. Staff are responsible for their decisions on the acceptance of gifts or hospitality and for ensuring that any gifts or hospitality accepted withstand public scrutiny and do not bring the Council into disrepute. Employees should only accept offers of gifts and hospitality where this is reasonable and proportionate and is aimed at improving the Council's image or establishing or improving business relationships. All such offers of hospitality should be recorded, and any acceptances should be authorised by the relevant manager. Under the Bribery Act 2010, it is a criminal offence for employees in an official capacity to accept any gift or consideration as an inducement or reward for doing or not doing anything; or showing favour or disfavour to any person.

Declarations of Interest (DOIs) - Officers

Conflicts of interest may arise where an individual's personal, or a connected person's interests and/or loyalties may conflict with those of the Council. The Council's aim is to protect the Council and the individuals from any appearance of impropriety which may be a risk to its reputation or a breach of the Bribery Act 2010. The Council has a policy which requires all relevant staff and consultants to complete Declarations of Interest (DOIs) by the end of April each year, and in the event of any subsequent relevant changes in circumstances. This requirement includes staff appointed on behalf of the Council who fall within any of the following categories:

- Plays a role in any aspect of the tendering or grant awarding processes.
- Is listed on the Council's Scheme of Management (SOM) in relation to contract or procurement related matters.
- Has been appointed on behalf of the Council to serve outside bodies.
- Is an external consultant/representative of a body other than the Council who plays a role in or who has information about the contract process.
- Gives regular advice (including as a report author) to members.
- Is a JNC officer.

The process of completing a Declaration of Interest is automated, and copies of all completed records are stored centrally on the Council's HR system. The HR Team is responsible for collating and storing DOI data; however, the Corporate Management Team (CMT) is responsible for ensuring that DOIs are completed, reviewed, and approved by the appropriate staff member. Senior Managers are responsible for identifying potential conflicts and creating action plans to protect the Council's interests, and in line with the Council's policies, and on an annual basis, hospitality and gifts and interest of staff is reported to the Corporate Governance Panel (CGP).

Areas of strength:

- The Council has a comprehensive set of policies and procedures in place that detail governance controls for identifying and addressing issues arising from Declarations of Interest (DOI) and receipts of gifts and hospitality. Roles and responsibilities are clearly defined, and these are available on the Source (the Council's Intranet).

- Our interviews with staff and found that all were aware of the policies, procedures, and documentation to be completed, and responded that in the event of queries or concerns they would check the Intranet to confirm what is required.

- The Council has designed an automated process of completing DOIs to ensure these are completed by relevant staff every April through sharing an email to directors for cascading. We confirmed that the email was shared in March 2022 in time for the subsequent financial year. The copies of all completed records are stored centrally on the Council's HR system. We reviewed a report extracted from the system detailing the staff employee numbers and the answers recorded.

- We confirmed through interviews that Managers send out reminder emails, with a link attached to the form, when the deadline is approaching. This form, relating to financial and non-financial interests, is completed on the intranet, and reviewed by an appropriate manager. The output of which is recorded on the central system, which we reviewed the data extract to confirm this process took place.

- For our sample of gifts and hospitality records, we confirmed with reference to records held that each case had been reviewed and approved by a manager. We noted that the Environment, Neighbourhoods and Leisure directorate's log contained all relevant details, including those that did not breach the £25 limit.

Areas of concern:

- We identified that there was a lack of awareness of training on declarations of gifts and hospitality or whether this was part of the induction process. From reviewing the Council's intranet page there is not an option in relation to training, only the available policy and procedure documentation.

- Staff were unable to review the original declaration form before signing off to ensure whether no changes meant a previous declaration had not been changed, or there was nothing to declare.

- One manager advised that there was a new starter after the April 2022 submission date and therefore, was not captured within the annual declaration process. The manager advised there was a lack of clarity over when they were required to declare an interest. From reviewing the policy, the declaration must be declared by April the following year, however if the officer meets the definition, they must declare whether there are any interests. Best practice would be that in the event of staff changing that a declaration should be completed within 21 days to ensure there are no conflicts.

- Not all relevant staff are completing DOIs including social workers and agency workers. From reviewing the definition of staff required to complete the declaration, these officers do not meet this definition, however they arrange placements on behalf of the Council, and this is susceptible to fraud.

- The gifts and hospitality and DOI policy documents do not record details of the review date and reviewing body, therefore we could not confirm whether these were up to date. However, based on our testing the policies were up-to-date based on our testing and walkthroughs.
- We selected a sample of gifts and hospitality records to assess whether each case has been centrally recorded and found that there is not a consistent approach to recording gifts under the policy. Only one department sampled, environment and leisure, utilised a log as a method of recording these, including those that do not breach the threshold. It was noted the policy and guidance documentation does not specify a log should be used or a template provided.
- Managers advised they had issues surrounding understanding how best to dispose of unwanted gifts that had been correctly declared.
- The Council does not have any monitoring in place, and no annual or interim reports are run or presented at CGP for us to review.

KFC03 Housing Rents July 2023	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	4
	Moderate	Moderate	Low	4

Purpose of audit:	To provide continuing assurance on the adequacy of the design and operational effectiveness of internal controls in place to accurately collect and allocate housing rental income.
	We also undertook a follow-up of the two medium recommendations made in our 2019-20 audit of Housing Rents.

Background:

The Council's Income Operations Team collected approximately £197m in rent from circa 32,000 properties in the financial year 2022-23. The target collection rate in this period was 98% which had not been achieved in most of the months. Tenants can pay their rent by Direct Debit or standing order, online or by phone using debit or credit card, or at Paypoint outlets. The Council provides the tenants a written rent statement every month which lists all the charges due, what they have paid since their last rent statement and the balance on their account. Rent Analytics, the Council's in-house rent management system has been in place since October 2021. It produces management information which aids the Income Operations Team in effectively managing the housing rents function. The platform generates a list of actions on a weekly basis for staff to complete.

Areas of strength:

- Based upon our sample testing of 15 refunds, in the period 1 April 2022 to 31 March 2023, we confirmed that refunds were made for appropriate reasons, with supporting documentation retained and uploaded to Information@Work. Refunds were accurately recorded on the customer's rent account and paid to the correct account in a timely manner, within the Council's target of 10 working days. Refunds were appropriately approved, with clear segregation of duties.

- Based upon our sample testing of ten debts written off in the period 1 April 2022 to 31 March 2023, we confirmed with reference to documentation that the reasons for write off were appropriate and they were correctly approved per the Council's write off policy.

- Based upon our sample testing of 15 property additions in the period 1 April 2022 to 31 March 2023, we confirmed that a rent calculation proforma was fully completed and appropriately approved, with clear segregation of duties, and that the correct basic rent figure was used for the tenants.

- The Rents team has an effective system in place to manage the housing rents function. Rent Analytics is used to distribute cases amongst officers: cases are prioritised, distributed according to three workstreams (Prevent, Resolve and Recover), and Revenue Team Leaders oversee these to ensure that all cases flagged on the system are looked at within an internal target of two weeks (with officers reallocated to workstreams according to need).

- Quality checks are carried out monthly by each of the four Revenue Team Leaders. The results across all four teams are then compiled, with conclusions drawn on a quarterly basis by one Team Leader, who shares this analysis with the Operations Manager Income (Rents). Common

themes are discussed at weekly/biweekly team meetings, Team Leaders raise common issues with their teams and with individual officers as required (for recurring issues, for example).

Areas of concern:

- We tested a sample of ten former tenant arrears to assess whether adequate and timely recovery actions were taken. In three cases, action was not timely and reasons for this were not documented on the tenant's file. While all write offs reviewed were actioned per procedure, there were significant delays before former tenant arrears cases were referred for write off (gaps of two to three years between the reason for the write off and referral for write off).

- We tested a sample of 15 current tenant arrears to assess whether adequate and timely recovery actions were taken. We found that in three cases, the arrears were not followed up, actioned, and monitored in a timely manner. These were left unactioned, with no attempts to contact the tenant for an extended period. All three cases had been flagged on the Council's Housing System and were more than £1000.

- We tested a sample of 15 new rent accounts created between April 2022 and February 2023 and found that no tenancy agreement was retained on the system in three cases. For one of the three exceptions, 6104080509, a Deed of Assignment was available on the system, however this was not signed by the new tenants.

- We reviewed the last three reconciliations undertaken by the Council between the Council's accounts payable systems (IWorld and SAP and AIM and SAP). We found that while the required procedures had been followed, the reasons for variances in January and February 2023 had not been documented. At the time of writing, the February 2023 variance had not been corrected.

- From our review of a sample of ten employee users with the ability to make amendments to rent accounts on Northgate, we found that three were no longer employed by the Council. One user had left in the past year (2022-23), we could not confirm when the remaining two had left (over a year ago). Access was granted by a manager for two employees, as per procedure. For the remaining eight employees, manager approval emails could not be traced.

- The documented procedures for rent refunds, income, and arrears (both former and current tenants) and write offs were out of date and/or not regularly reviewed. The Rent Refunds Work Instructions were last reviewed in January 2021. The Rent Income and Arrears Procedure (for current tenants) was last reviewed in June 2020; there have been changes in processes since then. The Former Tenant Arrears Recovery Procedure was last updated in November 2013 (this guides former tenant recovery and write off procedures).

- From our review of all five property deletions since 1 April 2022 we found that appropriate approval could not be evidenced for three properties. The approval emails could not be traced as the Officer has left the Council, and emails are not centrally stored. There was adequate supporting documentation to evidence the reason for the removal for all five properties (though there is no standardisation in the documentation required).

- We tested a sample of 15 actions on Rent Analytics in February 2023 and found that six actions were assigned after more than two weeks (15-32 days), and the reason for this was unclear. Of the eight cases requiring escalation, one was escalated late, and another was escalated, however this had not been recorded on the system.

IT11 IT - Applications Review August 2023	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	5
	Moderate	Moderate	Low	3

Purpose of review:	To provide assurance on the design and effectiveness of the controls in place for software applications and to highlight any areas where the controls require improvement.

Background:

For the Council's services to effectively discharge their statutory duties and provide critical services for its residents, information needs to be accurate, accessible, secured and governed effectively. Software applications are an essential asset in achieving this, implementing functional and security benefits that manually updated records, e.g., spreadsheets, cannot provide.

The Council has a range of key, 'Tier 1' applications which are critical to delivering services. These support the running of front-line services, including Housing, Revenues and Benefits and Social Care, as well as crucial support functions such as Planning, Legal and Finance. Without adequately procured and configured applications, these services will suffer significant inefficiencies and costs. Furthermore, software used in these areas provide strong governance of personal information and sensitive data, which can be organised, retained, and protected effectively within the application.

The systems are managed in a de-centralised way with responsibilities resting primarily with the Council services. The ICT Service provides technical applications support for systems in certain areas, such as Libraries, Regulatory and Housing, although the procurement and costs relating to each system rest with the business area.

With an increased number of cyber-attacks within the digital world, it can be very challenging to effectively support a large and complex organisation such as the Council, particularly where key systems and applications are not managed centrally.

Areas of strength:

- Our review of the Pay360, Mosaic, IDOX and DMS systems confirmed that access has been restricted to specific user groups, with access being based on individuals roles. In addition, user activity is logged, and an audit trail of user activity can be provided in each of the applications.
- Our review of Pay360, Mosaic and IDOX confirmed that master data is held on hosted servers, i.e., Pay360 data is held on a cloud-based server and Mosaic and IDOX data is held within a hosted Oracle database where only authorised users are able to modify master data.
- We found that each of the applications has a dedicated owner responsible for administration and overall management of their systems.
- Our testing confirmed that controls are in place to ensure the validation and accuracy of data. Pay360 uses check digits for data validation, Mosaic users mandatory field controls to ensure consistency of data during input and IDOX uses field validation rules and controls embedded within files themselves to prevent errors in processing.

- We confirmed that for Pay360, reports are generated multiple times a day by management and system administrators. For Mosaic, we confirmed that reports are generated on a regular basis by users and administrators to identify user activity, system access and changes to records. The Systems Support Manager also produces regular reports from the Hornbill ICT Service Desk system to summarise calls and requests made in relation to the Mosaic system. For IDOX, we confirmed that reports are produced on a daily basis for users through PowerBI.
- For all three applications in our sample (Pay360, Mosaic and IDOX), we confirmed that all can produce exception reports. For Pay360, the exception reports highlight any transactions which fall outside of the data validation rules which require reconciliation at the end of each day. For Mosaic, exception reports are built into different workflows via data validation rules and interface alerts which highlight any missing fields, duplicates, out of range data and errors in data interfacing. For IDOX, there are a variety of exception reports which are displayed in dashboards which capture the status of records inducing any errors and exceptions.
- All three applications in the sample (Pay360, Mosaic and IDOX) have their own portal where issues can be raised between the systems administrator and supplier. Our review of the open and resolved calls for each application found there to be no longstanding high priority calls.
- For all three systems, we confirmed that regular backups are performed for application data. In addition, we confirmed that status monitoring for backups also take place, indicating whether there were any failures in the backup operation. Finally, we also confirmed through testing that backups are regularly tested for their recoverability.

Areas of concern:
- We found that the Council has a range of policies which are designed to underpin the storage and processing of information held within its software applications. However, these policies were either outdated or in draft format.
- Our review of the Pay360 and Mosaic applications found that the administration and management of these applications is not supported by a comprehensive library of procedural guidance. While Pay360 has a dedicated support portal for system administrators to request external guidance and support, there is no local procedural guidance in place to aid in business continuity, implementation of controls and training. Additionally, Mosaic has set processes and workflows built into the Council's service desk portal and some local procedural guidance to support staff with operations. However, the Application and Technology Lead for Mosaic advised that procedural guidance is not comprehensive to document all relevant operational support tasks.
- Our review of the Pay360 and Mosaic systems found that the password parameters do not conform with best practices set out by the NCSC. While Pay360 does have an enforced password policy, we found this to not be in line with NCSC requirements in terms of password length, expiry, and complexity requirements. With regards to the Mosaic system, no password requirements have been set, although the 'force change on login' option has been enabled for when a user's password is reset by a systems administrator.
- Our review of controls over user access reviews identified that listings of movers and leavers are not currently provided on a regular basis (e.g., monthly, or quarterly) by HR and, therefore, administration of user accounts is currently a manual/ad-hoc task which is managed by each system administrator according to the processes that each has implemented.
- Service reports are received on a regular basis for each of the three applications reviewed. However, the reports received from the supplier of the Mosaic application focus on summarising support calls logged and resolved and do not encompass system performance metrics such as up/downtime and disk space utilisation. Furthermore, formal account meetings do not currently take place for Pay360 or Idox to reflect on recent system performance, issues, or potential improvements, although processes are in place to communicate with the supplier via a dedicated portal on a daily basis.

- We found that there are multiple information asset registers (IARs) in place to govern the storage, processing and retention of Council data held within applications. Our testing found that IARs did not specify controls over the storage and retention of data held by the supplier of the Pay360 application, as well as data exported from the application by Council staff and held on local storage drives. This was also found to be the case for data held outside of the Idox system. For Mosaic, IARs are in place but were last updated in May 2018 and contain multiple missing data fields in relation to retention, volumes, and control of data.

- We noted several issues with regards to the interfacing of data between Mosaic and Child Protection Information Sharing (CP-IS), the NHS Verification Service and the SAP finance system. We noted that data transferred between Mosaic and the NHS several times a day, and SAP once a day. However, issues were noted during the audit, which resulted in errors within the interface files. As a result, manual checking of files is required to ensure data is correctly imported into and exported from Mosaic. For the NHS Verification Service, we noted that during our audit testing, the interface to import NHS Numbers for service users was not functioning and under investigation.

- A dedicated reporting environment has been created for the Mosaic application as a workaround to issues experienced with running reports on the 'live' environment. The running of reports on the live environment is resource-intensive, slowing the system down. Processes are in place to take daily snapshots of live data and make them available for service users via the reporting environment. At the time of testing, work had been planned to implement a dedicated reporting server as a permanent solution and to enable live data reporting.

CAS63 **Mosaic Payments** July 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 arrangements for recording, approving, and processing social care packages within Mosaic, such that only valid and accurate amounts are generated for processing and payment.

Background:

The Care Act 2014 sets out the duties of local authorities in relation to assessing people's needs and their eligibility for publicly funded adult social care and support following a financial assessment. Local authorities carry out needs assessments to determine individual care and support requirements, produce a plan, allocate a personal budget, carry out a financial assessment to determine a client's contribution to the cost of care, and engage with local providers for care and support services.

The Council uses Mosaic as a case management system, which is used by the Children's and Adults' Services (CAS) department and other departments with access to undertake assessments, develop support plans, and record case notes. The system includes a finance module which produces the financial information and releases monthly payments to suppliers, for uploading into the main accounting system (SAP). SAP then subsequently releases payments to the suppliers through monthly BACS payment runs.

Areas of strength:

- We performed a walkthrough of the payment run process and confirmed that there is a review and approval process to ensure the correctness of payments. We reviewed a sample of three payment runs from December 2022 to January 2023 and found that in each instance, the payment schedule was checked by the Senior Finance Officer and approved by a manager. Where there were discrepancies and queries, payments were highlighted (in yellow) and escalated for investigation. We found that high value payments were highlighted (in red) and investigated, as a precautionary measure against making incorrect high value payments. Adequate checks are undertaken to confirm the validity of the data in the Mosaic interface prior to payment being made via SAP.

- We reviewed a sample of 10 residential nursing supported living payments and confirmed that the payments recorded on Mosaic matched the amounts on SAP. In each instance, the payments were recorded on the payment run and appropriate approval was evidenced in line with the Scheme of Management.

- We reviewed the monthly reconciliations between Mosaic and SAP from January 2023 to March 2023 and confirmed that the reconciliations were completed consistently and verified against backing documentation (system files). Segregation of duties was maintained across all three months, with the Senior Finance Manager completing the reconciliation and it was countersigned by the Departmental Finance Manager. Therefore, we found that there is adequate oversight of the payments and controls are in place to identify erroneous payments.

Areas of concern:

- We reviewed a sample of 10 residential nursing supported living payments and identified that in five cases, an annual review was not completed within 28 days of the referral. The timeframes for the completion of the annual reviews ranged from 52 to 125 days.

- The Mosaic listing of authorisers included two users who were not located on the Children's and Adults Services (CAS) Scheme of Management. We were advised that the staff members were allocated incorrect access permissions, as they were allocated Children's Services authoriser roles (relating to Children's and Families division), however this is not appropriate to their role.

- The rate for one out of 10 residential nursing supported living payments was applied incorrectly. We identified that the backdated payment rate should have been £1,576.87, however this was set at £1,734.98. Consequently, we identified through this audit that this generated an overpayment of £8,489.57.

- We reviewed 23 procedure documents and identified that four were not reviewed in line with the review date outlined. We found that a monitoring mechanism is not in place to ensure procedure documents are in line with current processes followed.

BUPA Overpayments Review 2020-21

- We conducted a follow up of the recommendations raised as part the BUPA Overpayments review conducted in 2020-21. We confirmed the implementation of 18 out of 31 recommendations through a review of evidence and four were closed as the Council accepted the risk for not completing the recommendation. However, we identified that the implementation of nine recommendation remained outstanding at the time of the audit fieldwork, which had passed their proposed implementation date.

EL64 **Private Sector Licensing (Service Assurance Review)** August 2023	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	1
			Medium	2
	N/A	N/A	Low	1

Purpose of audit:	To assess the robustness of the key processes and controls in place for the pilot scheme around governance, projected income, the application process, income collection and debt recovery, with a view of improving the permanent controls being in place if the scheme continues.

Background:

The growth of the private rented sector (PRS) in the London Borough of Southwark (the "Council") has been accompanied by an increase in related housing problems. Rising rents have had a huge impact on affordability and this in turn has led to overcrowding, tenants being made homeless and a deterioration in property conditions. This situation was significantly impacted by the Covid-19 pandemic.

Around 43,000 homes in the borough are privately rented. Whilst the majority of these are well maintained and safe, there is a growing minority that are sub-standard and dangerous. Research has shown that even well-meaning landlords may not always be up to date with the latest legal and safety requirements. These properties not only endanger the health, safety, and wellbeing of tenants, but cause disputes with neighbours and end up requiring interventions from other Council teams.

Property licensing allows the Council to regulate and improve the condition and management of privately rented properties. This helps to make renting in the private rented sector safer and fairer for tenants.

The Council ran a consultation entitled "Private Rented Property Licensing in Southwark" from February to July 2021. The document included a proposal for a new additional license for larger HMOs, and to expand the selective license from less than 20% of private rented homes in the borough to over 85%, with a series of new designations proposed to roll out over the coming year to improve conditions, including tackling Antisocial Behaviour (ASB) and deprivation linked to housing.

The Consultation proposed a differential fee structure that rewards private landlords with a new Gold standard. The Gold standard will be awarded for landlords offering responsive repairs, fair and predictable and fair rents, and a secure tenancy with protection from unnecessary eviction.

As stakeholder feedback from this exercise was positive the first phase piloted on 18% of the Council's housing stock from 1 March 2022 and, if successful, the pilot maybe extended to 14 additional wards. If added, this larger area would need to be approved by the Secretary of State at the Department for Levelling Up as the scheme would then cover over 20% of the privately rented homes in the borough.

A Private Rented Sector Licensing Scheme Board monitors the pilot scheme that meets monthly and is chaired by the Director, Environment who has operational responsibility for the delivery of the project.

Areas of strength:

- Detailed process maps are in place which illustrate the end-to-end process for various frequently faced scenarios such as submitting and resolving license enquiries and complaints, applying and processing license applications, carrying our property checks and decision making on license applications. The process maps consider various outcomes and splits the responsibilities between the people involved such as the applicant, Team Leader, Unit Manager and Legal and Assessing Panel.
- An income forecast was produced prior to the commencement of the new scheme. The document is updated monthly to show budget vs. actual figures and tabs are added to the spreadsheet showing a full monthly breakdown of all income received. The forecast is prepared by the Divisional Accountant, reviewed by the Private Sector Housing Enforcement Service Manager, and discussed at the Delivery Board meetings. We were able to confirm that income targets were surpassed till December 2022, however, we were not provided with the latest income monitoring report after this.

Areas of concern:

- Where an applicant did not want to pay their application fee via the Council's online payment system the Private Sector Housing Enforcement Service (PSHE) needed to raise an invoice via the Council's FC&P team. The PHSE Service did not have a main point of contact in the FC&P Team to discuss issues they were facing with the invoice request process. Requests for invoices were often refused and sent back with advice that the correct process had not been followed or they had not provided all of the required information to set the applicant up as a vendor. Without the applicant being set up as a vendor on the finance system the invoice cannot be processed, and the fee not collected. Whilst new staff had been recruited into PHSE Service to carry out this process there was a significant delay in finance training to allow them access to the process to request involves from FC&P. Because of these issues the PHSE Service, by December 2022, had a backlog of over 400 invoices and licenses that remained unissued. This held back an income of over £500,000 and delayed the issue of licences causing reputational damage to the council amongst landlords. There was also a backlog of refunds that have not been processed for applications that were raised through the old licensing application portal.
- Reconciliations between the Finance system, SAP, and the applications system, Metastreet, cannot be completed. The team are working with Metastreet and SAP to identify a common reference for both platforms. Assurance that income is as expected is obtained by matching the overall income on SAP with the total fees from applications on Metastreet, however a line-by-line reconciliation is no possible.
- The Licensing Process document was last updated in April 2022; however, it is not clear who prepared, reviewed, and approved the document. One of the procedure documents (Joint Licence holders) received was blank. Some of the procedures were signed off by the Head of Regulatory services. However, we noted that there is no consistency in the presentation of the procedures. The procedures have not been developed for debt management and processing write-offs.
- We have confirmed that there have been no arrears since the start of the new scheme. Therefore, no write-offs have been required or an aged debtor analysis completed. However, no procedure documents have been developed to deal with future incidents. The Team still do not have clarity on their debt management responsibilities which they will work with the Council's Finance team to establish.

CAS08 **Safeguarding Adults** July 2023	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	2
	Moderate	Moderate	Low	-

Purpose of audit:	To review the processes and controls in place to ensure that adults within the Council's care are properly safeguarded and statutory requirements are met.

Background:

The Care Act 2014 sets out a clear legal framework for how local authorities and other parts of the system should protect adults at risk of abuse or neglect. Local authorities' safeguarding duties include:

- Leading a multi-agency local adult safeguarding system that seeks to prevent abuse and neglect and stop it quickly when it happens.
- Making enquiries, or request others to make them, when they think an adult with care and support needs may be at risk of abuse or neglect and they need to find out what action may be needed.
- Establish Safeguarding Adults Boards, including the local authority, NHS, and police, which will develop, share, and implement a joint safeguarding strategy.
- Carry out Safeguarding Adults Reviews when someone with care and support needs dies because of neglect or abuse and there is a concern that the local authority or its partners could have done more to protect them.
- Arrange for an independent advocate to represent and support a person who is the subject of a safeguarding enquiry or review, if required.

The purpose of Southwark Council's safeguarding adults' function is to empower, prevent, be proportional, protect, partner and be accountable. Southwark Council has specific teams in place which have direct involvement with identifying and protecting adults in potential need of safeguarding.

Areas of strength:

- We confirmed that the Council has a series of comprehensive and up-to-date process documentation in place, which are available on the Intranet for staff to access for all safeguarding activities.
- Staff had completed the relevant, mandatory safeguarding training within the last two years.
- For the sample of 20 safeguarding cases that we reviewed, we found that cases proceed along the required pathway including from one team to another with sufficient documentation to evidence communications between the teams.
- For the same sample of 20 cases, we confirmed that all required documentation, including approvals and safeguarding assessments completed, and any relevant correspondence was stored on Mosaic and there was a clear trail of processes followed.
- The Council maintains records of demographic information and can generate reports on demographic backgrounds to enable decision making to consider this data, and that this was considered as part of the annual reports to the Safeguarding Adults Board.

- There is a governance structure in place to enable regular reporting of lessons learnt up to the Safeguarding Adults Board and found that these met regularly and documented any learning to be shared. Regular meetings of the Safeguarding Champions take place to enable sharing of learning and best practice to take place.

Areas of concern:

- For our sample of 20 safeguarding referrals, we found one case where the initial assessment was signed off before the document was completed meaning it was not clear whether the approval was based on the full assessment. For a second case, the assessment was not fully detailed meaning the full nature of the safeguarding concern was not fully documented.

- The Performance and Quality team carry out general audits monthly and select a sample of cases to confirm processes are being followed. However, this is not specifically targeted at Safeguarding.

TR13 Sickness Absence Management August 2023	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	2
	Moderate	Moderate	Low	-

Purpose of audit:	To provide assurance on the adequacy of the design and operational effectiveness of the Council's sickness absence management, monitoring and reporting, policies, procedures, and controls. The audit also considered the extent to which there may be under reporting.

Background:

Employees may need time off for a variety of reasons, from short-term sickness to longer-term health issues. An effective absence management framework should support employee's health needs while providing clear and consistent guidance to avoid unauthorised absence or inappropriate use of sick pay schemes. Accurate measurement, monitoring, identifying trends and exploring the underlying causes are key in effective absence management. Policies should clearly explain the rights and obligations of employees when absent due to sickness. Employers must inform staff of terms and conditions relating to sickness or injury, including sick pay. Line managers' role in managing absence is crucial and they should receive training/guidance in absence handling. A trusting culture enables employees to flag issues at an early stage. If line managers can spot early warning signs, employees can be given appropriate support before matters escalate.

The Council's Human Resources (HR) team is currently going through a period of transition and several experienced officers have left. The HR establishment, as defined by a reorganisation in 2019, includes eight HR Business Partners supporting a workforce of c.4.5k staff. The council has made a temporary investment in expanding the capacity of the HR Business Partnering team and is shortly to decide about ongoing investment which, if agreed, will enable further permanent recruitment into the service. The role of HR is to periodically review and update the guidance notes in line with legislation changes, provide general advice on the application of the sickness absence procedure and ensure appropriate training is available for managers to properly equip them to manage the procedure.

Sickness absence is recorded in SAP, and it is the role of the manager to ensure employees are aware of the requirements of the sickness absence procedure. They must also maintain frequent contact with employees who are absent, meet with employees on the day they return from the absence and monitor sickness absence records against attendance targets/triggers and, where appropriate, take further action. Due to the aforementioned HR team period of transition, while there is local analysis of sickness absence, there is not currently a cycle of regular (quarterly/annually) central reporting to senior management.

Areas of strength:

- The Council has a sickness absence management policy in place that is comprehensive and covers scenarios to ensure absence is managed in a consistent and effective manner. Significant guidance for staff on roles, responsibilities, processes, and procedures is included. The policy is available on the Council's intranet for all staff members to review.

- We reviewed a sample of five HR Business Partners (HRBPs) out of 14 to examine how HRBPs remain compliant with changes in legislation. Our review found that all five HRBPs independently familiarise themselves and regularly keep up to date with changes in legislation through multiple

forums and publications. Therefore, we could confirm that knowledge of HR best practice is maintained and changes in employment law is regularly reviewed.

- Our review also identified that all five HRBPs hold appropriate qualifications and engage in Continued Professional Development (CPD) to facilitate continuous improvement in the delivery of the HR service to managers on all employee experience related matters. These qualifications also align with the roles and responsibilities laid out in the HRBP job description.

- We were informed by the Head of HR Business Partnering that from a resourcing perspective within the HRBP team, there are 14 HRBPs, with eight permanent positions and six interim positions. The use of the flexible roles (agency and fixed) enables the service to adapt to the business requirements with capital resource being deployed from those business areas to invest in the HRBP work to enable the Council to provide the people resource for the duration of the projects/demands. There is a wider piece of work to look at the Business Partnering model soon to ensure the service is fit for purpose and delivers a true Business Partner model with strategic and operational managers.

Areas of concern:

- There is no mandatory training provided in the form of e-learning modules, workshops, and seminars, to managers whose duties include sickness absence management. Ongoing learning and development to ensure employees are confident and competent in recording and managing staff absence is also not provided.

- We were informed by a senior HR manager that not all Senior Management Teams or individual Chief Officers review and monitor employee indicators and absence management data on a regular basis. Furthermore, it was confirmed that at this time, there is no central reporting to any committee/forum.

- Our sample testing of 13 recorded sickness absence cases confirmed that two cases were not compliant with stated procedures.

- The Council's sickness absence management policy did not include the policy's last review date or version control; therefore, we were unable to verify if the policy was out of date.

Supporting Families Grant Claims 1 April 2023 to 31 July 2023	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIO	
July 2023	**Design**	**Operational effectiveness**	High	-
			Medium	-
	N/A	N/A	Low	-

Purpose of audit:	In accordance with the Supporting Families Programme Guidance, we sought to verify a representative sample of 10% families that the Council has supported, before the claim is submitted, to confirm the eligibility of the payments by results being claimed.

Background:

The Supporting Families Programme launched in March 2021 and builds on the previous Troubled Families programme. Its focus is on building the resilience of vulnerable families, and on driving system change so that every area has joined up, efficient local services which are able to identify families in need and provide the right support at the right time. Supporting Families is committed to strong multi-agency local partnerships in every area with mature local and national data systems. This means investing more in good practice, overcoming barriers to data-sharing, and involving the voice of families in service design and commissioning.

The programme falls under the joint remit of the Government's Department of Education and the Department for Levelling Up, Housing and Communities.

The programme's aim is to have a positive impact for individual families, across public services and for the rest of society.

The Supporting Families Guidance sets out:

- The outcomes that must be achieved with families before a results payment can be claimed (chapter 3).
- Details regarding how to identify and work with families where a result payment will be claimed for successful family outcomes achieved (chapter 4).
- The evidence that is required to make a claim for successful family outcomes achieved by families who have been supported by the programme (chapter 5).
- The risk-based approach to assurance visits in 2022-25 and the audit requirements of Supporting Families (chapter 6).

Consequently, this internal audit was required under the Supporting Families Programme Guidance, issued by the former Ministry for Housing,

Communities and Local Government (MHCLG) and by the Department for Levelling Up, Housing and Communities and Department for Education.

The guidance 2021-2022, issued by MHCLG applies to the Council's claims to 31 July 2023 and has been applied in this audit.

The Council receives £800 for each claim under the Payment by Results process. The anticipated number of claims for 2023-24 is 676, resulting in grant funding of £540,800.

For the period 1 April 2023 to 31 July 2023, the Council had prepared a total of 270 claims to be submitted.

Areas of strength:

- We selected a sample of 27 claims (10%), to verify that the summary of extracts and data correspond to the reasons why the family is considered a successful outcome. Of our sample, we identified no exceptions.
- We selected one-third of the 27 claims (nine claims) to confirm the Council's assertions against primary data. For the nine cases we reviewed in Mosaic, we identified no discrepancies between the source data and the successful outcome assertions provided by the Council, apart from the minor typographical error summarised below.

Areas of concern:

- Review of the sample of nine claims to confirm the Council's assertions against primary data recorded in Mosaic identified one minor discrepancy, whereby the date of initial Childrens Social Care Assessment was a typographic error in the summary. We also verified that all other details in the summary, including the success measures, matched to the Council's summary.

5. SUMMARY OF RECOMMENDATIONS STATUS

Of the 472 high and medium recommendations relating to 2017-18 to 2022-23, that have fallen due as of 22 August 2023, we have confirmed with reference to evidence that 426 have been fully implemented or superseded, representing 90%, a decrease of 2% from our last report to the Committee. This is due to several reports being finalised between June and July 2023 with now due actions.

We have confirmed that all recommendations relating to 2017-18, 2018-19 and 2019-20 have been completed. The chart shows the relative percentages for each year from 2020-21 to 2022-23.

Several recommendation target dates for 2022-23 audits are being revised multiple times, which is preventing the implementation rate from being reported as higher.

There remain some longstanding recommendations from previous years that are yet to be fully implemented, but these have now reduced in number. There are 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 90%. 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 August 2023

Legend: 2020-21, 2021-22, 2022-23
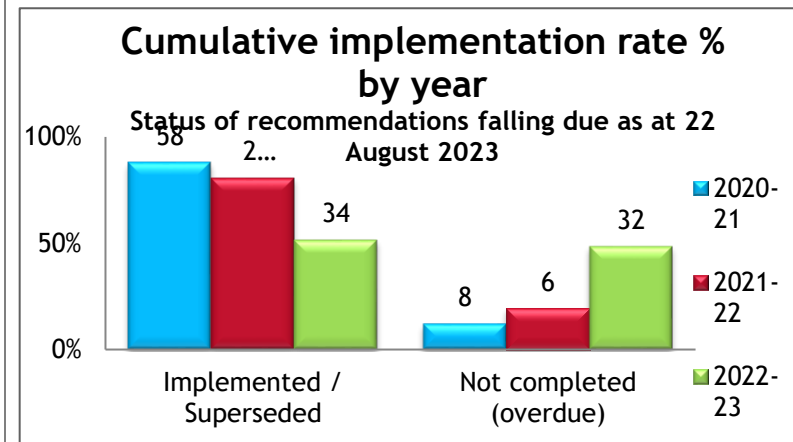
RECOMMENDATION IMPLEMENTATION RATES BY AUDIT WHERE NOT YET FULLY COMPLETED

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~~ September 2023
2022-23 Payroll and HR	2	-	-	-	1	-	1	0%	~~July 2023~~ September 2023
2022-23 Member Officer Protocol	2	-	-	-	2	-	-	0%	~~July 2023~~ August 2023
2022-23 Supplier Resilience	5	-	-	-	5	-	-	0%	~~July 2023~~ October 2023
Children's and Adults Directorate									
2020-21 Payments to Children and Families	3	-	2	1	-	-	-	66%	~~January 2021~~ ~~April 2023~~ ~~July 2023~~ October 2023
2021-22 Adoption Services	3	1	-	1	1	-	-	33%	~~January 2023~~ ~~June 2023~~ ~~September 2023~~ October 2023
2022-23 Continuing Healthcare	3	-	2	-	1	-	-	67%	~~October 2022~~ August 2023
2022-23 Children's Assurance Unit	3	-	2	-	1	-	-	67%	~~May 2023~~ September 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 SEND Finance	7	-	1	4	2	-	-	14%	~~June 2023~~ September 2023
Environment, Neighbourhoods and Growth Directorate									
2020-21 Community Infrastructure Levy	1	-	-	-	1	-	-	0%	~~December 2020~~ ~~July 2021~~ December 2023
2020-21 South Dock Marina	1	-	-	-	-	1	-	0%	~~June 2022~~ ~~November 2022~~ ~~March 2023~~ Implemented Evidence required
2021-22 Movement Policy and Plan	6	-	-	-	3	-	3	0%	~~September 2021~~ ~~Jan 2023~~ September 2023
2022-23 Library Services	4	-	3	-	1	-	-	75%	~~September 2022~~ ~~April 2023~~ ~~July 2023~~ September 2023
2022-23 Licensing Audit	2	-	-	-	-	-	2	0%	~~April 2023~~ Implemented Evidence required
2022-23 No Recourse to Public Funds	4	-	-	1	3	-	-	0%	~~July 2023~~ October 2023
2022-23 Cemeteries and Crematoria	2	-	1	-	1	-	-	50%	~~30 June 2023~~ December 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		
Finance Directorate									
2021-22 Software Asset Management	4	-	2	-	1	-	1	50%	~~March 2022~~ ~~September 2022~~ ~~December 2022~~ ~~June 2023~~ August 2023
2022-23 Insurance	2	-	-	-	2	-	-	0%	~~December 2022~~ ~~July 2023~~ September 2023
2022-23 Software Licensing Management	5	-	-	-	3	-	2	0%	~~February 2023~~ ~~July 2023~~ October 2023
2022-23 Accounts Payable	2	-	-	-	2	-	-	0%	~~July 2023~~ September 2023
Housing Directorate									
2021-22 Cooper Close TMO	3	-	1	-	2	-	-	33%	~~April 2022~~ ~~July 2022~~ November 2023
2021-22 Major Works	3	1	1	1	-	-	-	67%	~~June 2022~~ ~~July 2022~~ ~~March 2023~~ ~~April 2023~~ September 2023
2022-23 Applegarth TMO	2	-	1	-	1	-	-	50%	~~July 2023~~ 30 November 2023
2022-23 Brenchley Gardens TMO	4	-	-	3	1	-	-	0%	~~July 2023~~ 30 November 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 these have been provided. The table excludes recommendations that have not fallen due or where no update has been provided.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
Governance and Assurance Directorate		
2022-23 Complaints		
1.1 The Council should ensure that acknowledgement letters are sent to all complainants within three working days in line with the Complaints policy. Adequate evidence of these letters should be stored onto the system. 1.2 The Council should aim to provide a decision to the complainant within the timeframes included in the Complaints policy. The investigating departments should be reminded (at least annually) of the importance of a timely response. 1.3 The Complaints Team should offer additional training/support to the departments/service areas where greater number of delays occur in the complaint resolution process. 1.4 If the investigating departments need more time in providing a response due to complexities, they should ensure that they contact the complainant and inform them of the delay with an expected date when the decision will be communicated. All communications with the complainants should be stored onto the system. 1.5 A caseworker should be assigned to the case within one week of the complaint received date to ensure that the Council's complaint resolution timeframe is achieved.	Operations Manager/Complaints Manager ~~February 2023/March 2023~~ ~~August 2023~~ September 2023	The Complaints Manager confirmed that these actions are still under review, with a go live expected by the end of September 2023.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
1.6 The Complaints Team should conduct spot checks (we recommend six-monthly) on a sample of cases to assess whether all the required documentation such as an acknowledgment letter and a decision letter is retained onto the system, a caseworker is assigned within one week of the complaint received date and that a decision has been communicated within the set timeframes. If there have been delays, the Complaints Team should ensure adequate evidence of communication with the complainants is retained. The results of these spot checks and consistent non-compliance should be included in the periodic management report. **High**		
2.1 The Complaints Team should introduce formal training to be offered periodically. We recommend that the training material covers at least the following areas: • Identifying and acknowledging a complaint • Defining complaint • Investigating a complaint • Resolving complaints and communicating a decision • Capturing lessons learnt • Maintaining adequate records to support the outcome of the complaints • Local Government and Social Care Ombudsman. 2.2 The training material should be reviewed at least annually to ensure that the current practices are accurately captured. **Medium**	Complaints Manager ~~February 2023~~ ~~August 2023~~ September 2023	The Complaints Manager confirmed that these actions are still under review, with a go live expected by the end of September 2023.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
2022-23 Payroll and HR		
1. The Principal SAP Officer should complete a full walk-through of payroll processes with the HR Business Team Strategic Lead, to ensure that a meaningful final review and approval of the monthly payroll runs can be completed. 2. Following this, the approval and confirmation process should be established to ensure that roles and responsibilities are clearly defined. A supporting payroll review officer should be confirmed to mitigate against the risk of staff absence. **Medium**	Head of HR Operations/Principal SAP Officer ~~1 July 2023~~ September 2023	1. The Head of HR confirmed that this had been planned for July but was deferred to August 2023, due to the significant volume of additional work required for the payroll team in insourcing of the Leisure Centers. 2. The Head of HR confirmed that the first part of this recommendation is being undertaken in the August/September period and will be aligned to increasing the payroll team capacity being undertaken during the same period.
2022-23 Member Officer Protocol		
a) A training log should be maintained to ensure all Members have completed essential training in a timely manner. b) Immediate communications should be made to senior officers (via the Directors Forum) about the mandatory training required. c) Annual reminders should be sent relating to training that should be refreshed each year. d) Reports of training not completed should be sent to each strategic director at six-monthly intervals, for discussion at the departmental senior management team meetings. **High**	Doreen Forrester-Brown, Assistant Chief Executive – Governance & Assurance October 2023	The Assistant Chief Executive for Governance & Assurance advised that this action is partially complete: a) This has been completed for Members and was reported to AG&S Committee on 6 February 2023. b) There is no approved list of mandatory training for senior officers, this area is to be reviewed by the recently appointed Director of HR and OD. c) Please see above. This process is to be considered by the Director of HR and OD.
(a) Review the Member Officer protocol periodically with any updates to be noted on the front of the procedure, in order for Officers and Members to be aware of the changes more easily. (b) The relations policy in the protocol should mention the point of contact if an officer or member wants to	Doreen Forrester-Brown, Assistant Chief Executive – Governance & Assurance ~~July 2023~~ August 2023	The Assistant Chief Executive for Governance & Assurance advised that this action is in progress. The Member Officer Protocol is due to be reviewed in 2024. Training has been offered to all DMT's on the Member Officer Protocol and this is currently taking place during July and August. The training will confirm the first point of contact is the strategic director then escalation to the MO if necessary.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
address any concerns, such as bullying or inappropriate relations. **Medium**		
2022-23 Supplier Resilience		
2.1 Ensure contract managers maintain a supplier risk register for all Strategic contracts, which documents, mitigates and tracks risks through the life of the contract. **High**	Insurance Manager ~~July 2023~~ September 2023	The Head of Procurement advised that a reminder to all Lead Contract Officers (LCOs) covering the Council's requirements for contract management, including the need to record and manage risks is being prepared to be sent in September 2023, following summer holidays when emails may be missed.
3.1 Contact contract managers for the three contracts where there was missing supporting evidence to gain assurance that supplier resilience is being appropriately considered. **Medium**	Relevant contract managers / LCO / Chief Officers, Head of Procurement ~~July 2023~~ September 2023	The Head of Procurement advised that a specific further reminder to these contract managers has been sent in addition to that being prepared for all LCOs. Full details are being recorded for the Chief Officer that the contract managers' report to.
4.1 Remind contract managers of Strategic contracts to annually request a copy of the supplier's business continuity plan, where deemed necessary to have one in the procurement process. 4.2 Ensure Southwark Construction have an up-to-date business continuity plan in place, which includes key suppliers. **Medium**	Lead Contract Officers/Chief Officers for all Strategic Contracts Stuart Davis, Director of Southwark Construction Corporate Risk and Insurance Manager ~~July 2023~~ October 2023	The Head of Procurement advised of revised due dates for both actions: 4.1 - A reminder to all Lead Contract Officers (LCOs) covering the council's requirements for contract management, including the need to record and manage risks is being prepared to be sent in September 2023, following summer holidays when emails may be missed. 4.2 - A corporate approach to BCP is being taken and a specific reminder of this obligation has been sent to the Director of Southwark Construction. Due date revised to October 2023.
5.1 Remind all contract managers they should be having regular contract monitoring / review meetings with the supplier in line with the contract. **Medium**	Assistant Chief Executive – Governance and Assurance ~~July 2023~~ September 2023	The Head of Procurement advised that a reminder to all Lead Contract Officers (LCOs) covering the council's requirements for contract management, including the need to record and manage risks is being prepared to be sent in September 2023, following summer holidays when emails may be missed.
7.1 Ensure all contracts include Key Performance Indicators to measure the performance of the supplier. 7.2 Ensure all contract managers regularly monitor performance of the supplier in line with the contract. **Medium**	Chief Officers / CMT Strategic Director of Finance and Assistance Chief Executive – Governance and Assurance ~~August 2023~~	The Head of Procurement advised that a reminder to all Lead Contract Officers (LCOs) covering the council's requirements for contract management, including the need to record and manage risks is being prepared to be sent in September 2023, following summer holidays when emails may be missed.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
	September 2023	

Children's and Adults Directorate		

2020-21 Payments to Children and Families		
1) Staff requesting a card to be issued should ensure that correct procedures are followed including staff completing their own application forms to ensure there is a segregation of duties between those requesting and issuing the cards. A reminder should be sent to staff confirming the correct process to be followed. 2) Documentation should be scanned in and held in a central shared drive. A record should be established and maintained to log all staff travel and expenses cards issued, to include: the request form and approval and an email from the practice co-ordinator to the staff member confirming the card has been issued and topped up with the specified amount. 3) Quarterly checks should be completed by service managers on issued cards to confirm that they have been issued appropriately and that documentation is retained. Where the cards have not been issued appropriately or documentation is not retained the staff member should not be eligible for a travel and expense card and the issued card should not be topped up further. **High**	Head of Service ~~9 November 2020~~ ~~August 2023~~ October 2023	We were advised by the Service Development Manager for Children and Families that work to complete these actions remains in progress. Work is currently in implementation phase as part of the Business Support Review, linked to the Budget Delivery Plan.

2021-22 Continuing Healthcare		
a) The Director of Adult Social Care should publish an official local CHC Dispute resolution policy in line with the NHS framework. b) The Assistant Director of Adult Social Care should ensure that open disputes are reviewed systematically to ensure they are completed within specified timescales. For those requiring a	Performance and quality lead ~~October 2022~~ August 2023	Parts a, b, c, and d - Verified as complete through review of evidence. Part e) We were advised by the Performance and Quality Lead that a CHC dashboard will be live by the end of August 2023, to complete this action and capture trends and lessons learned.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
longer completion time periodic reviews should take place and recorded, to inform users when the last update occurred. c) The Business Manager should ensure that the date a dispute is raised along with dates of case updates are consistently recorded in the Council's records. d) The Business Manager should ensure that the Council webpage is up to date with current guidance. It should also contain links to the NHS guidance on appeals and links to relevant advocacy services. e) The Performance & Quality Lead and Business Manager should ensure that recurring trends and lessons learned related to difficulties experienced by individuals from disadvantaged backgrounds are shared with the CCG to enhance their applicant support resources. **Medium**		
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. **High**	HoS Permanence and Resources / AD Safeguarding and Care ~~January 2022~~ ~~July 2023~~ September 2023	The Service Development Manager for Children and Families advised that the action to develop modernised performance reporting remains in progress. The Adoption Services Power BI Dashboard is within the departmental Power BI Development Prioritisation Schedule.
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 ~~December 2021~~ ~~July 2023~~ October 2023	The Service Development Manager for Children and Families confirmed that this action is still in progress. A Policy Review schedule is being progressed for all divisional practice guidance and policies.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
2022-23 Childrens Assurance Unit		
2.1 Add a requirement for CPC Chairs to stipulate the reason for any delays in case notes/CPC notes to ensure completeness of audit trail and add context. 2.2 The CQAU could undertake a thematic audit related to the data recorded for CPC delays to investigate the key reasons for delays and develop possible action plans or share learnings. **Medium**	Principal Social Worker and A&D Lead ~~31 May 2023~~ September 2023	The Service Development Manager for Children and Families advised that: Action 2.1 – This action is no longer required, as children's records/case notes are evidence files captured on behalf of children and not a record of internal system and process. Action 2.2 – This action is currently part complete. Data tracking on CPC delays is now in place. Following a period of data collection, a thematic audit will be undertaken to identify and address any thematic issues.
Environment, Neighbourhoods and Growth Directorate		
2020-21 South Dock Marina		
Both the Council and Marina should work together in order to agree a solution towards paperless working. Whilst we also recognise that the Marina does not have immediate capacity to deploy resources to scan all documentation, this is something that the Marina and Council should consider over the medium-long term to ensure all paper documentation has been scanned to either the Havenstar system (pending relevant modules and system upgrades) or the Marina's shared drive. **Medium**	Harbour Master ~~June 2022~~ Implemented, Evidence pending	We were advised by the Divisional Business Manager that the IT high level design is completed, and contract terms and condition have been reviewed. The Gateway report has been updated to reflect delivery in two phases, to include customer single sign on in the second phase. We have not yet received evidence to verify the above management representation.
2022-23 Library Services		
a) The Library Operations Manager should maintain a log of the libraries that have had cash collected by G4S Services to ensure that there are clear records of instances where cash is not collected. The log should be reviewed by Senior Management on a monthly basis to ensure that non collections are escalated where necessary and in a timely manner. b) A formal investigation should be initiated by Senior Management to review whether the services received by the service provider meet contractual expectations, and whether an alternative option should be considered	Library Operations Manager ~~August 2022~~ ~~March 2023~~ ~~July 2023~~ September 2023	Part a) – Verified as complete through evidence and reported to AGSC in October 2022. Part b) We were advised by the Head of Culture (Leisure Directorate) that no changes to the current Service Level Agreement in light of recent review we determined. However, this is likely to be superseded by changes relating to the cashless payments service now due to be implemented in September 2023. Evidence will be sent through from September 2023, in light of the service changes proposed.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
where collections are not made in line with the contract, and the issue persists. **Medium**		
2022-23 Cemeteries and Crematoria		
1.1 Considering the climate emergency and the Bereavement Services role within this, ensure the Climate Change and Sustainability Director is informed of the bereavement services activities to facilitate the development of an Environmental Policy and Strategy to: • Ensure cremations and burials are performed in accordance with all legislative requirements. • Industry standards best practice is promoted. • There is a clear and robust process for full accountability that links to operational strategies and wider plans. 1.2 Create a document library and ensure the reference and operational documents are comprehensive and clearly catalogued. 1.3 Ensure hardcopy published information meets the needs of Bereavement Services customers, especially those with impairments in accordance with the 2018 accessibility standard. **Medium**	Bereavement Services Manager ~~30 June 2023~~ December 2023	We were advised by the Head of Parks and Leisure that actions 1.1 and 1.3 remain in progress, and that discussions with the Climate Change and Sustainability Director have taken place. We were advised that action 1.2 is complete and provided with evidence that training resources and policies/procedures are not set out in document libraries which record the documents available and provide digital links for the team to access them.
2022-23 No Recourse to Public Funds		
1.1 The Council should Investigate fully the reasons why officers do not complete case reviews on time. 1.2 Additional controls, such as enhanced strategic oversight and increased monitoring and reporting of reviews, should be introduced to ensure timely completion of case reviews. 1.3 A resourced plan should be put in place to address the backlog of overdue reviews and to ensure that	NRPF Management Team ~~3 July 2023~~ 31 August 2023	The Community Support Team manager advised us that these actions are in progress: 1.1 - Staff changes meant some cases were not completed on time. These vary between staff leaving the council, staff sickness and induction of new staff. The Council are implementing that that line managers discuss reviews status with their cohort at each supervision. 1.2 – The Project Officer will review the team's Master Case List to ensure better recording which can give increased oversight on a monthly basis. (Review ongoing)

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
sufficient resources are available to complete future reviews on time. **High**		The team are starting service development to streamline reporting primarily from Mosaic, with a preliminary meeting scheduled for 16 August 2023 (Review ongoing) 1.3 – As above, the team will be meeting with the Divisional Business Manager to look at service development for streamlining the service (Review ongoing)
2.1 Regular performance monitoring and reporting should be reintroduced, to report the following information: 1. Number of NRPF cases. 2. Number of households. 3. Types of Support 4. Length of Support 5. Analysis of trends / comparisons to previous data periods 6. Outstanding / overdue reviews 2.2 Additional officers should be trained on how to monitor and report performance information to provide resilience in case the Community Support Manager is absent for an extended period. **Medium**	Mekdes Alemayehu ~~3 July 2023~~ 31 August 2023	The Community Support Team manager advised us that these actions are in progress: 2.1 – Per the updates provided for actions 1.2 & 1.3, this action is in progress, with implementation planned to commence on 16 August 2023. 2.2 – The team will be reviewing performance in manager's meetings (Review ongoing)
3.1. A monthly quality control process should be introduced to test a sample of decisions to ensure officers save supporting documentation and the corrects checks have been completed. 3.2. Officers should be reminded of the importance of evidencing the decisions they make to confirm compliance with procedures and legislation. **Medium**	NRPF Management Team ~~3 July 2023~~ October 2023	The Community Support Team manager advised us that these actions are in progress.
4.1 The Master Case List should be updated to show current approved housing payments, and this task should be added to.	NRPF Management Team ~~MCL – 3 July 2023~~ Implemented	The Community Support Team manager advised us that these actions are in progress:

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
4.2 The budget calculator used by social workers to calculate care payments should be updated to show current care rates. 4.3 An annual schedule to update the budget calculator should be introduced. 4.4 Ensure officers reconcile payments monthly to confirm paid amounts for accommodation and care match approved amounts. **Medium**	Service Development 3 July implementation April 2024	4.1 – We were advised that this action was implemented from July 2023. We confirmed implementation via evidence of the updated MCL for April and May 2023. 4.2 – As listed in 1.3 (Review ongoing) 4.3 – As listed in 1.3 (Review ongoing) 4.4 – We were advised that this action part-complete, implemented for accommodation rates. Care Packages amounts will be reviewed as listed in 1.3 (Review ongoing)
Finance Directorate		
2022-23 Insurance		
a) The Risk and Insurance Manager should escalate this again with the IT shared service requesting they provide the necessary documentation to ensure the Council is able to finalise sourcing their cybersecurity insurance. If this is not provided, then this should be raised to the appropriate senior management. b) The Council should liaise with their insurance broker to consider whether an appropriate insurance product is available to cover climate-based risks. **Medium**	Corporate Risk and Insurance Manager ~~October 22~~ ~~July 2023~~ September 2023	Part a) – We were advised that additional information is still pending from the IT department. This has been escalated and the due date revised awaiting receipt. Part b) – Previously completed as there are no products currently covering climate-based risks, therefore no action is required.
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	Head of IT Applications ~~March 2022~~ ~~June 2022~~ ~~December 2022~~ ~~June 2023~~ August 2023	We were previously advised that the implementation date has been revised to 31 August 2023, due to ongoing collaboration with TDS and STS redesign of a suitable policy. The Head of Infrastructure and Operations provided a progress update that the project is still underway and Risual have been engaged to assist.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
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**		
2022-23 Software Licensing Management		
A draft policy to cover the management of software licences will be written with specific reference to procurement of new systems, changes to contractual agreements and Starters/Movers/Leavers. **Medium**	Head of Security and Infrastructure <s>Feb 2023</s> <s>June 2023</s> October 2023	The Head of Infrastructure and Operations provided a progress update that an STS and LBS Working Group has been established and work on the policy is underway for the revised due 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	Head of Applications <s>July 2023</s> September 2023	The Head of Infrastructure and Operations advised that this is a live piece of work with a senior stakeholder engagement in place and budget allocated for the delivery of the Software Asset Discovery and Capture. The tool that was being planned requires review to ensure that it will deliver the required information and that the ongoing picture is accurate and available.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
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**		
2022-23 Accounts Payable		
1.1 The nine missing user access forms should be located as soon as possible. Going forward, following consultation with Exchequer Support Services who have expertise in this area, forms should take a standardised format (which considers whether access is being provided to new starters or amending existing permissions), and should be stored and backed up in a central location that is readily accessible.	Catherine Gage ~~31 July 2023~~ 31 August 2023	The Head of Financial Control and Processing informed us that the new user form and indexing will be live from 31 August 2023.
1.2 The FC&P Team should continue to complete the monthly reconciliation of the list of leavers with a list of users with access to SAP and remove access for those who have left the Council. Every month, the Head of Financial Control and Processing should check that these reconciliations have been carried out or a periodic review of the reconciliation by a second person would help manage the risk of missing any individuals who have left the Council. **High**	Barbara Johnson ~~31 July 2023~~ 31 August 2023	
3.1 Quarterly reports are currently run to identify instances of POs being raised retrospectively as well as invoices being paid after more than 30 days. These are shared with Departmental Finance Managers and	Denise Hunte ~~30 June 2023~~ September 2023	The Head of Financial Control and Processing informed us that this action is in progress, pending completion of support requests sent to IT.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
Business Managers (budget holders). As late payment of invoices (without reasons being provided) is a recurring issue, further escalation of the quarterly reports is required. Exceptions to required practice should be reported to each Directorate Management Team, and a summary presented to the Corporate Management Team. A revised communications strategy from the FC&P Team, as well as a change in the 'tone from the top', would help to raise awareness and understanding of the issue and facilitate good practice going forward across all levels of staff. 3.2 Repeat offenders in the quarterly reports should be followed up so that root causes can be identified, and support provided as needed. 3.3 A reminder should be sent out to officers, particularly towards year-end (which is when officers are most likely to make this mistake), to refrain from making payments that are invoiced at a future date. **Medium**		
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 procurement procedures unless a long-term contract is in place. **Medium**	Treasurer ~~January 2022~~ 30 November 2023	We were advised that the TMO manager post at Cooper Close has been vacant from July 2022 until 10 July 2023. In the intervening period the TMO has had a succession of managers, who for various reasons resigned. Consequently, the work programme including audit recommendations have not progressed. The TMI met with Cooper Close management committee on 18 July 2023, agreed that the induction programme for the new manager will include TMI setting of key compliance targets that will include outstanding audit recommendations.
The TMO should review the Management Committee terms of reference annually to ensure they are up to date. **Medium**	Chair ~~April 2022~~ ~~July 2022~~ 30 November 2023	We were advised that the TMO manager post at Cooper Close has been vacant from July 2022 until 10 July 2023. In the intervening period the TMO has had a succession of managers, who for various reasons resigned. Consequently, the work programme including audit recommendations have not progressed. The TMI met with Cooper Close management committee on 18 July 2023, agreed that the induction programme for the

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
		new manager will include TMI setting of key compliance targets that will include outstanding audit recommendations.
2022-23 Applegarth TMO		
The TMO should ensure that budget monitoring reports are shared at the monthly Management Committee meetings and ensure that reasons for variations and action to address them are adequately documented in the minutes of the meetings. **Medium**	TMO Manager ~~20 June 2023~~ October 2023	We were advised by the TMO manager that the 5 June 2023 Applegarth Management Committee meeting notes records headline financial information the committee received: • TMO back account balance • Income & expenditure The TMO will be asked to expanding notes to include more detailed information budget management.
2022-23 Brenchley Gardens TMO		
The TMO should ensure that a tenancy agreement between the Council and the tenant, nomination letter, reasons for placement and identification checks are completed prior to the award of the property to an individual. These checks should all be retained on the individuals personal file should the Council require evidence of their completion. **High**	Estate Manager/Housing Assistant ~~June/July 2023~~ November 2023	We were advised that the TMO manager post at Brenchley Gardens TMO (BGTMO) has been vacant since February 2022. The TMO has engaged a series of interim managers having been unable to appoint & retain a suitable manager. In May 2023 the TMI team leader met with BGTMO Chair to report on the impending work programme arising from the audit and other TMO management responsibilities. It was agreed at the meeting that recommendations from the audit would inform the work plan for the committee and incoming manager. BGTMO recently (June 2023) engaged an interim manager. The TMI will liaise with the committee and manager to set out and agree key compliance targets which will include audit recommendations from the audit.
The TMO should ensure that all pre-employment checks are completed prior to the appointment of a new started and should ensure that all documentation is securely retained in the individual's personnel file. **High**	HR Provider – City Interim/ Estate Manager ~~June 2023~~ November 2023	Please see the above update.
The Estate Manager should review the control account statement monthly to identify properties which are currently in arrears. Those which have been identified should have a formal letter sent to their address advising them of the arrears and a paid it needs to be	Estate Manager/ Accountant Arrears Management – ~~July 2023~~ 30 November 2023 New System – Jan 2024	Please see the above update.

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paid by. Where payment cannot be made, an action plan should be produced to reduce the arrears. Further, properties currently in arrears should be report to the Management Committee to ensure adequate oversight and scrutiny of action plans in place for these properties. **High**		
The TMO should ensure that the monthly Management Committee meetings are formally documented to show discussions. The minutes should include any actions identified and the timeframe for implementation, along with evidence of discussion on key areas of the TMO. **Medium**	BGMA Chair/ Secretary ~~May 2023~~ 30 November 2023	Please see the above update.

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:

Aaron Winter

Director, Public Sector
aaron.winter@bdo.co.uk

www.bdo.co.uk