



# **INTERNAL AUDIT PROGRESS REPORT**

London Borough of Southwark

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

*5 February 2024*



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# CONTENTS

	Page
1. Summary of internal audit work	3
2. Schools internal audit programme	5
3. Summary of internal audit plan 2023-24	7
4. Executive summaries of reports finalised since the last meeting	13
5. Summary of recommendations status	29
Appendix 1: Internal audit definitions	52

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# 1. SUMMARY OF INTERNAL AUDIT WORK

## Purpose of report

This report informs the Audit, Governance and Standards Committee of progress against completion of the 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 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.

## Internal audit programme for schools

Since the last meeting of the Committee, responses have been received and final reports issued for the remaining three 2022-23 schools. For completeness, the assurance ratings for these schools are listed in section 2.

We are delivering the work programme previously agreed with the former Director of Education for 2023-24 that will meet the assurance needs of the Council. Delivery commenced in June 2023.

All school audits are booked in, and the majority of start dates have been agreed with the headteachers and school business managers. A schedule of progress and internal audit opinions for 2023-24 is also included in section 3 of this report.

## Follow-up

As part of finalising each audit report, we agree with management the actions that will be taken in response to each finding and recommendation, including the date by which the actions will be completed.

Internal audit routinely follows up all high and medium recommendations 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 November 2023, the Council has maintained a recommendation implementation rate of 89%. However, several recommendation target dates for 2022-23 audits are continuing to be revised, which is preventing a higher implementation rate. Some longstanding recommendations from previous years remain that are yet to be fully implemented, although these have now reduced in number.

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Following an action from the Audit, Governance and Standards Committee in September 2023, the follow-up table has been extended to separate out longstanding recommendations from 2020-21 and 2021-22. The officers responsible for these recommendations have previously attended the Committee and advised that all recommendations will be implemented by 31 March 2024.

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

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

Transparency Reporting - we 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. Schools internal audit plan

The table below includes the status of audits commenced to date and the assurance opinions where the final report has been issued. The schools programme is particularly backloaded this year, which can be attributed to a combination of factors. There was a knock-on effect of delays in finalising the reports for 2023-24. For 2024-25, delays in receiving confirmation of the final list for the year and subsequently the holidays meant that schools could not accommodate our site visits and we could not start most of the work before September 2023. Our aim for 2023-24 is to issue all draft reports by 31 March 2024 (the fieldwork for the last school is planned to start on 4 March 2024). We will also seek to agree the plan for 2024-25 by mid-March 2024 to allow more time for planning.)

School	Status	Design	Operational Effectiveness
<b>2022-23 (remaining audits)</b>			
Grove Children & Family Centre	Final Report	Substantial	Moderate
St George's Church of England Primary School	Final Report	Moderate	Moderate
Tuke School	Final Report	Moderate	Moderate
<b>2023-24</b>			
St James Church of England Primary School	Final Report	Moderate	Moderate
Evelina Hospital School	Final Report	Substantial	Moderate
Brunswick Park Primary School	Draft Report 22 Jan 2024		
Bellenden Primary School	Quality Assurance / Reporting		
Comber Grove Primary School	Quality Assurance / Reporting		
Friars Primary School	Quality Assurance / Reporting		
Robert Browning Primary School	Quality Assurance / Reporting		
Rye Oak Primary School	Quality Assurance / Reporting		
Ivydale Primary School	15 Jan 2024		
Victory School	22 Jan 2024		
Crampton Primary School	23 Jan 2024		
Hollydale Primary School	29 Jan 2024		

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School	Status	Design	Operational Effectiveness
Alfred Salter Primary School	30 Jan 2024		
St George's Cathedral RC Primary School	5 Feb 2024		
Riverside Primary School	26 Feb 2024		
Tower Bridge Primary School	26 Feb 2024		
Grange Primary School	4 Mar 2024		

### 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
<b>FINAL REPORTS - PREVIOUSLY PRESENTED TO THE AUDIT, GOVERNANCE AND STANDARDS COMMITTEE</b>						
Capital Expenditure Management - General Fund	Strategic Director, Finance/ Chief Accountant	✓	✓	✓ Final Report	Moderate	Moderate
Family Hubs and Start for Life	Director, Childrens Services	✓	✓	✓	NA Grant audit	NA Grant audit
Home Ownership - Garages	Director of Customer and Exchequer Services	✓	✓	✓ Final Report	Moderate	Limited
Home to School Transport	Director of Education	✓	✓	✓ Final Report	NA Advisory	NA Advisory
Housing Adaptations	Director of Asset Management	✓	✓	✓ Final Report	Moderate	Moderate
Leisure services	Director of Leisure	✓	✓	✓ Final Report	NA Advisory	NA Advisory
Pupil Registry Systems	Director of Education	✓	✓	✓ Final Report	Substantial	Substantial
Sickness Absence Management	Assistant Chief Executive - Governance and Assurance	✓	✓	✓ Final Report	Moderate	Moderate

Audit	Director / Audit Sponsor	ToR issued	Fieldwork (planned / indicative)	QA / Reporting	Design	Operational Effectiveness
Social Housing White Paper	Director of Resident Services	✓	✓	✓ Final Report	Moderate	Substantial
Southwark Repairs - Service Improvement Plan	Director of Asset Management	✓	✓	✓ Final Report	Moderate	Moderate
Supporting Families - Grant Audit (April to July claims)	Director, Children and Families	✓	✓	✓ Final Report	NA Grant audit	NA Grant audit
Supporting Families - Grant Audit (Augst to September claims)	Director, Children and Families	✓	✓	✓ Final Report	NA Grant audit	NA Grant audit
Voids	Director of Resident Services	✓	✓	✓ Final Report	Moderate	Limited
<b>FINAL REPORTS - EXECUTIVE SUMMARIES INCLUDED IN THIS PROGRESS REPORT</b>						
Direct Payments	Director, Adult Social Care	✓	✓	✓ Final Report	Moderate	Limited
Estates Cleaning and Grounds Maintenance	Director, Environment	✓	✓	✓ Final Report	Moderate	Moderate
IR35	Director, People and Organisational Development	✓	✓	✓ Final Report	NA Advisory	NA Advisory
Statutory Disrepairs	Director, Asset Management	✓	✓	✓ Final Report	Moderate	Moderate
Supporting Families - Grant Audit (October to December claims)	Director, Children and Families	✓	✓	✓ Final Report	NA Grant audit	NA Grant audit



Audit	Director / Audit Sponsor	ToR issued	Fieldwork (planned / indicative)	QA / Reporting	Design	Operational Effectiveness
Tenancy Management Organisation - Accounts Objection Review	Strategic Director, Housing and Strategic Director, Finance	✓	✓	✓ Final Report	NA Advisory	NA Advisory
TMO - Haddonhall Co-operative	Director, Resident Services	✓	✓	✓ Final Report	Moderate	Moderate
Tree Management Service	Director, Leisure	✓	✓	✓ Final Report	Moderate	Moderate
<b>DRAFT REPORTS ISSUED</b>						
Capital Expenditure Management - Housing Revenue Account	Director, Finance	✓	✓	✓ Draft Report 17 Jan 2024		
IT - Shared Service Governance	Chief Digital and Technology Officer	✓	✓	✓ Draft Report 20 Dec 2023		
Legal Fees	Director, Children and Families / Assistant Chief Executive - Governance and Assurance	✓	✓	✓ Draft Report 4 Jan 2024		
Records Management	Assistant Chief Executive Governance and Assurance	✓	✓	✓ Draft Report 19 Jan 2024		
TMO - Browning EMB	Director, Resident Services	✓	✓	✓ Draft Report		

Audit	Director / Audit Sponsor	ToR issued	Fieldwork (planned / indicative)	QA / Reporting	Design	Operational Effectiveness
				2 Nov 2023		
TMO - Kennington Park	Director, Resident Services	✓	✓	✓ Draft Report 24 Oct 2023		
<b>Children and Adult Services Directorate</b>						
Mountview Academy of Theatre Arts	Director of Education	✓	✓	✓		
Care Leavers	Director, Children and Families	✓	13 Feb 2024			
Adopt London Partnership	Director of Childrens Services / Director of Finance	Planning	11 Mar 2024			
<b>Environment, Neighbourhoods and Growth Directorate</b>						
Leisure Services - Assurance	Director, Leisure	✓	✓			
Major Regeneration - Programme & Projects	Director of Planning and Growth	✓	✓			
Planning applications and s106 agreements	Director, Planning and Growth	✓	✓			
<b>Finance Directorate, including IT audits</b>						
Accounts Receivable and Debt management	Director, Customer and Exchequer Services	✓	✓			

Audit	Director / Audit Sponsor	ToR issued	Fieldwork (planned / indicative)	QA / Reporting	Design	Operational Effectiveness
Budgetary Monitoring and Reporting	Director, Finance	✓	✓			
Housing Benefits	Director, Customer and Exchequer Services	✓	✓			
Pensions Administration	Pensions Manager	✓	✓			
Cost of Living Fund	Director, Customer and Exchequer Services	✓	5 Feb 2024			
Mosaic	Director, Customer and Exchequer Services	Planning	11 Mar 2024			
IT - Asset / Hardware Management	Chief Digital and Technology Officer	Planning	26 Feb 2024			
IT - Service Review	Chief Digital and Technology Officer	Planning	14 Mar 2024			
IT - Cyber Security	Chief Digital and Technology Officer	✓	18 Mar 2024			
<b>Housing Directorate</b>						
Temporary Accommodation Budget Recovery Board - Advisory	Director, Resident Services	Ongoing	Ongoing			
Two Towers TMO - Advisory	Director, Resident Services	✓	✓			
<b>Strategy and Communities</b>						
Council Delivery Plan	Assistant Chief Executive, Strategy and Communities	✓	✓			

Audit	Director / Audit Sponsor	ToR issued	Fieldwork (planned / indicative)	QA / Reporting	Design	Operational Effectiveness
<b>Governance and Assurance</b>						
Corporate Facilities Management	Assistant Chief Executive, Governance and Assurance	✓	✓			
Staff recruitment and vetting	Director, People and Organisational Development	✓	✓			
Payroll	Director, Customer and Exchequer Services	Planning	11 Mar 2024			
<b>Integrated Care System</b>						
Partnership governance and integration of services	Joint leadership role with the ICB	✓	26 Feb 2024			
Commissioning of services	Director, Commissioning	✓	11 Mar 2024			

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

CAS03 Direct Payments January 2024	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	1
	Moderate	Limited	Medium	5
			Low	-
<b>Purpose of review:</b>	To review the adequacy and effectiveness of the controls relating to direct payments, and controls over the Allpay cards assigned to clients. The service areas within Adult Social Care covered by this review were all age disabilities; learning disabilities; mental health and older peoples and physical disability; and included both high cost and low-cost packages.			
<b>Background:</b>	<p>Individuals who have eligible needs as per the Care Act 2014 are entitled to a personal budget (PB), which is the amount that is calculated to be able to meet an individual's support needs. To allow a client to directly purchase support to meet their needs with flexibility, choice and responsibility, the Council assigns an AllPay card to the client, a prepaid card onto which the PB is paid four weekly. Where a client is receiving DPs, there must be a Direct Payment Agreement in place between the Council and the individual. Clients in receipt of DPs may be means-tested and required to pay a financial contribution towards their care, except in situations where services are provided as aftercare under Section 117 of the Mental Health Act or where reablement services are being provided. Client contributions need to be paid directly into the AllPay account. Where PBs are managed by a third party, the PB is paid by the Council into the client account of the third-party or provider that holds the money on behalf of the client. In such cases, there will be an agreement between the Council and the third party, and the third party must provide evidence to the Council to show how the agreed care needs are being met. Clients who receive DPs are required to submit returns, monitoring information on a monthly basis. Where clients fail to provide this required information, the Council's procedures set out actions to take where clients consistently fail to provide monitoring information monthly. Since the appointment of monitoring officers in September 2020, AllPay card spending is required to be subject to monthly review. SAP Financial Accounting shows the total budget for direct client payments in 2023-24 is £9,065,000 and actual total spend to date (19 January 2024) is £7,273,412. The total budget in 2022-23 was £ 8,868,000 and actual total spend was £ 8,338,063.</p>			
<b>Areas of strength:</b>	<ul style="list-style-type: none"> <li>• Adult social care policies, procedures &amp; practice guidance: There are overarching policies, procedures &amp; practice guidance, including a glossary of terms that is readily available to all staff via a robust system, Tri.x.</li> <li>• Paying for adult social care and support: There is comprehensive client advice regarding paying for adult social care and support on the Council's website that was last updated 27 June 2023, which includes the approach, and charging principles for ensuring fairer client contributions. There is</li> </ul>			

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an Online Financial Assessment or Client Contribution Calculator: Paying for your care and support - Southwark Council.

- Mosaic Social Care Case Management System: Mosaic is used to record the work care and support teams and client finance undertake with regards to people in need. Mosaic is a social care case management system, which uses proven practices to meet statutory requirements. Carestore and Information at Work are filing systems that are used to support the Mosaic system.

**Areas of concern:**

- Policies and procedures: Several policies and procedural guidance had not been reviewed to ensure they are comprehensive and kept up to date.
- Panel review: Three Panel review processes, Mental Health and Substance Misuse, All age Disabilities and Learning Disabilities, and Older Adults and Physical Disabilities, were identified for requests for additional monies to be authorised to meet the cost of the care and support needs of a person, however, these were not consistent with one another and there was no comprehensive checklist to demonstrate that Panel approval is given only once all key policy and procedural guidelines have been fully complied with and assessed to the satisfaction of the panel Chair.
- Client identification verification checks: Our sample testing found client identification checks were not done or not done consistently. For a sample of 25 direct payments made in Period 6, 2023/24, there was insufficient documentation available from the Mosaic, Carestore and Information at Work systems to demonstrate the eligibility and approval of the direct payments made in line with Council guidance, for 17 adult social care cases.
- Financial assessments and client contribution assessments: Our sample testing of 25 direct payments (Appendix II) identified 17 missing financial assessments and clients contribution assessments for direct payments as at Period 6, 2023/24 which totalled £82,446.34. As a result, there is insufficient evidence of eligibility and approval for a total of £82,446.34 direct payments as at Period 6, 2023/24.
- Records management: While completing our detailed testing we observed that locating records is generally time consuming. Due mainly to a lack of a standardised format for file names and file locations for documents and records input to the Mosaic, Carestore and Information at Work systems.
- Personal budget and direct payment agreements: Our review of the same sample of 25 personal budget and direct payments identified eight cases where there was no valid agreement in place (Personal Budget Agreement or Direct Payment Agreement), for the provision of care services in place. There is a risk that there is a lack of proper record-keeping, accountability, and transparency for the provision of the care services in place.
- Annual reviews: Our review of the sample of 25 personal budget and direct payments identified nine cases without an annual review in 2022-2023. There is no comprehensive management tracking showing Annual Review completion status, missed or overdue dates or unscheduled reviews which may be requested by the client, family member, carer, or provider because there has been a change in the person's eligible needs.
- Client's spend, monitoring and reconciliation: Our review of the sample of 25 personal budget and direct payments identified four cases where monitoring was not done during 2022-23 or 2023. However, our discussions with the Payments Team identified there is a backlog of client monitoring information that has yet to be collected which in some cases is putting the Council in a position of not being able to effectively track where its payments are being spent. However, there is inconsistent communication and escalation with clients regarding assessment of their contribution and effective collection mechanisms.
- Reclaims: Our review identified two surplus client account balances totalling £5,500, and another client account with transactions that indicated the account was not a dedicated client account for the sole purpose of ASC DP. The Team Manager agreed to investigate these matters and to reclaim as appropriate.

<b>ENG12</b> <b>Estates Cleaning and Grounds Maintenance</b> January 2024		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Moderate	Moderate	Medium	3
				Low	1
<b>Purpose of review:</b>	To review the accuracy and completeness of costs being charged to leaseholders for estate cleaning and grounds maintenance, including accuracy of coding used and the basis for overhead apportionment to areas such as fly-tipping, graffiti & management.				
<b>Background:</b>	<p>The Council is responsible for the estate cleaning and grounds maintenance for over 400 estates and 1,500 blocks of building within the borough. There is a Partnership and Service Level Agreement between the Cleansing/Grounds Maintenance department and the Housing department, which sets out the areas of service to be provided. The Cleansing and Grounds Maintenance department is split into four areas (North West, North East, Central and South) and resources are specifically assigned to cover areas such as fly-tipping and graffiti removal. The schedule of works and the performance standards are agreed every year. ad hoc work is added throughout the year and invoiced separately. The cost of the ad hoc work is based on the time taken to undertake the task plus the cost of using any vehicles. Before the start of the financial year the Council will send leaseholders an estimate of the amount they are expected to pay. At the end of the financial year the Council will prepare their final accounts and calculate the actual cost of providing the service and either send an updated invoice for any extra charge or apply a credit to accounts. The Council performs regular inspections to monitor the quality of the service in addition to regularly reviewing the number of complaints, response times to service requests and health and safety.</p>				
<b>Areas of strength:</b>	<ul style="list-style-type: none"> <li>• There are strong processes in place to ensure residents are kept informed of the estimated and actual cleaning and grounds maintenance charges, via information on the website, the tenants handbook, estimated and actual service charge bills and supporting literature explaining the service charge.</li> <li>• Monthly estate inspections are carried out by Resident Service Officers and recorded. Where estates were graded below 7/10, action was taken to address the areas of poor performance and return the estate to the required score of seven or higher.</li> <li>• A sample of Ad-Hoc works outside of the Service Level Agreement (SLA) were reviewed and it was found that all were supported by signed quotes from the officer raising the works and the relevant cleaning team.</li> <li>• Budget variances are reported to directors on a monthly basis to ensure budgets are appropriately monitored. Against an outturn of £21,252,000 for 2022-23 there was an overspend of £11,000 reported in month 12.</li> </ul>				

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**Areas of concern:**

- The SLA is currently out of date having not been renewed since 2020-21.
- Annual budget setting for Estates Cleaning and Grounds Maintenance consists of adding inflation and new staffing costs to the previous year's budget. Efficiencies have not been sought in the budget since 2009-10.
- The SLA stipulates that client/contractor monitoring meetings are carried out on a quarterly basis. It was determined that these meetings had not been taking place.
- While ad-hoc orders tested were supported by quotes, it was found that different templates were being used which provide differing amounts of costing information.



GA35 Payments to Individuals outside of PAYE and IR35 January 2024		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS					
		Design	Operational effectiveness	High	-				
		N/A - Advisory	N/A - Advisory	Medium	-				
				Low	-				
<b>Purpose of review:</b>	To review the control framework across the Council with regards to compliance with IR35 requirements in terms of employment status. In considering the risks stated, we assessed the Council's arrangements against the HMRC guidance.								
<p><b>Background:</b></p> <p>Legislation was introduced in the public sector from 6 April 2017 whereby any intermediaries engaged for work with an organisation would need to be assessed using HMRC's Check Employment Status Test (CEST) tool. Where an intermediary was determined to be within the scope of IR35, the intermediary would need to be added to the payroll with tax/NIC withheld on payments to the intermediary. In cases where an organisation engages with a self-employed individual, the organisation would also need to use the CEST tool to assess whether the engagement could be considered one of deemed employment or not. Where it was a deemed employment, the organisation would be required to treat the individual as an employee, add them to payroll and withhold tax/NIC from payments made to them. The CEST is required to be completed prior to work commencing. Where an organisation has failed to use CEST to assess the intermediary under IR35 or the employment status of a self-employed individual, the Council could be liable to the tax and NIC that has not been withheld on fees paid to the intermediary or individual. HMRC will also apply interest to the amount outstanding and may also apply penalties of up to 100% of the amount at risk.</p> <p><b>Findings:</b></p> <ul style="list-style-type: none"> <li>• Our review of the off-payroll working arrangements at the Council found several major improvements are needed to ensure the council can demonstrate compliance with off-payroll working requirements.</li> <li>• We found several expected key controls were not in place in line with HMRC guidance with possible improvements identified for others.</li> <li>• The table below summarises the results from the gap analysis we completed between the Council's procedures and HMRC and good practice guidance from BDO's tax experts. From ten key controls, we identified that:</li> </ul> <table border="1"> <tbody> <tr> <td>Key controls not in place</td> <td>5</td> </tr> <tr> <td>Key controls where possible improvements were identified</td> <td>5</td> </tr> </tbody> </table>						Key controls not in place	5	Key controls where possible improvements were identified	5
Key controls not in place	5								
Key controls where possible improvements were identified	5								

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- Without the existence and operation of key controls, the Council is less likely to comply with off-payroll working requirements, exposing it to a higher level of financial risk, for example through an increased tax liability following incorrect assessments.
  - In November 2022, HMRC had sent an information request to the Council, asking for details about the number of off-payroll workers they have been engaging with and whether any of them have been deemed as employees and added to payroll. None have been added and this has been reported appropriately. A response was provided to HMRC in March 2023, to date no further correspondence has been received from HMRC, and it has not been followed up with HMRC by the Council.
  - The Council's IR35 guidance does not include sufficient detail on roles and responsibilities of all teams involved and mandatory guidance on areas such as personal service companies and dispute resolution. There are consequently significant gaps in the documented procedures and control framework leaving staff unaware of their responsibilities.
  - Sufficient training is not provided to all Hiring Managers, Procurement and HR staff to ensure they are aware of how to perform CEST assessments correctly and comply with all IR35 regulations.
  - A central record of all contracts is not maintained and therefore it is not possible to monitor the off-payroll engagements to ensure there are no changes to arrangements.
  - There are no review mechanisms or reporting in place for the CEST assessments or off-payroll engagements.
  - Through our sample testing of contractors, we identified that status determination statements were not issued for any contractors once CEST assessments were completed.
  - A process for dispute management is not in place.

H17 Statutory Disrepairs January 2024	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
	Moderate	Moderate	Medium	3
			Low	1
<b>Purpose of review:</b>	To provide assurance over the adequacy of the statutory disrepairs programme to ensure these are completed within the required timescales and to the required standards.			
<p><b>Background:</b> Housing disrepair refers to rented property that is in clear need of repair to comply with Section 11 of Landlord &amp; Tenant Act 1984. It also includes the Homes (Fitness for Human Habitation) Act 2018 and Defective Premises Act 1972. If a landlord fails to carry out remedial work within a reasonable amount of time to the required standard, then this can be considered housing disrepair. The Disrepair Protocol sets the stages that tenants need to follow to make a compensation claim against the landlord in the event of housing disrepair. Before the Protocol can start, the landlord must receive notification about the disrepair and be given enough time to deal with it. The courts expect legal action to be the last resort and will expect parties to have considered arbitration to resolve the dispute before it reaches the claim. The Council currently receives 84 claims a month, up from 57 claims in 2022-23 and 20 claims in 2018-19. The Council has closed 176 cases over the first quarter of 2023/24 and the overall case volume stands at 1,026 claims. The Council uses ICasework to monitor cases. In 2022-23 the Council spent around £4m in compensation and legal fees and the current year to date cost per claim is below the target of £6,643. Central Government has plans to reform disrepair costs and is looking to introduce fixed costs, however this will not be introduced until the end of 2025 at the earliest</p> <p><b>Areas of strength:</b></p> <ul style="list-style-type: none"> <li>• Procedure documents were in place highlighting the processes of both Tier 1 and Tier 2 disrepair claims. Each document outlines an overview of the processes involved as well as those responsible for implementing actions.</li> <li>• We reviewed the ICasework system and found it contains built in input controls, with key tasks needing completion before the next phase is started to ensure the important tasks are completed. Officers are easily able to determine timeframes for outstanding actions and see if they are overdue or within target.</li> <li>• A sample of three disrepair cases that went to court were reviewed and we found complete case files are in place with all relevant documents saved. A very low proportion of cases are taken to court with only seven cases taken to court in the last year. For context 345 cases had been closed in the first five months of 2023-24 financial year.</li> <li>• We confirmed that fortnightly disrepair reviews are now taking place with a disrepair improvement log reviewed and updated with actions aimed at reducing demand and clearing the current caseload.</li> </ul>				

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- For a sample of 10 disrepair claims we determined that all had their compensation calculated in line with the Council's processes and legal advice, with an audit trail kept documenting the process.
  - We reviewed three months' worth of Housing Departmental Performance Reports which all gave a commentary on the months' work and provided statistics on: the number of open cases, average monthly closure, closed by opening year, percentage closed before court stage and average costs in relation to disrepair cases. The reports are copied to the Assistant Director. Given to the Strategic Director of Housing and distributed to heads of service/directors.

**Areas of concern:**

- A control gap was identified in the ICasework input controls with acknowledgement of cases not being included as a key task that requires completion.
- Throughout the disrepair process there are several timeframes that need to be adhered to by the Council. In reviewing a sample of 10 disrepair cases we identified where evidence of acknowledgements, arrangement of inspections, producing landlord responses and completion of work were not completed within the required timeframe.
- The Housing Departmental Performance Reports highlight that the team is under significant pressure because of a dramatic increase in disrepair claims being made, reportedly up 400% in the past six years. However, a disrepair improvements log has been produced which makes proposals based both at reducing the number of claims made and making greater resources available to close claims Meetings to review the disrepair improvement log should take place with regularity and be recorded to ensure these actions need to be monitored through to implementation.

Supporting Families Grant Claims 1 October 2023 to 31 December 2023		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
				Medium	-
		N/A - Advisory	N/A - Advisory	Low	-
<b>Purpose of review:</b>	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.				
<p><b>Background:</b></p> <p>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 guidance 2022-25, issued by MHCLG, applies to the Council's claims from 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.</p> <p><b>Conclusions:</b></p> <ul style="list-style-type: none"> <li>For the period 1 October 2023 to 31 December 2023, we reviewed a sample of 18 claims (10%). We verified with reference to evidence that the summary of extracts and data correspond to the reasons why the family is considered a successful outcome.</li> <li>For each child of school age in the family, we confirmed that they achieved at least two consecutive terms of attendance over 90%. Of our sample, we identified no exceptions to prevent submission.</li> <li>We selected eight of the 18 claims (over one-third of our sample), to confirm the Council's assertions against primary data. For the eight cases we reviewed in Mosaic, we identified no discrepancies between the source data and the successful outcome assertions provided by the Council.</li> </ul>					

Objection Review - Fair Community Housing Services (TMO) January 2024		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	4
		N/A - Advisory	N/A - Advisory	Medium	11
				Low	3
<b>Purpose of review:</b>	The Council engaged us to conduct an advisory review to support the External Audit report on the elector's objection and independently verify the Council's response to the queries raised.				
<p><b>Background:</b></p> <p>FCHS is one of 17 Tenant Management Organisations (TMOs), which the Council funds to run services and provides local offices. Formed in 2004, FCHS is responsible for seven estates located in the North of the London Borough of Southwark, situated along Tooley Street between London Bridge and Tower Bridge.</p> <p>As with other TMOs, the MMA is monitored on behalf of the Council by the Tenant Management Initiatives (TMI) team within the Resident Services Department of the Housing Directorate. The Council's ability to monitor and at times step in and direct TMOs in terms of non-performance is Chapter 8 which is entitled "Performance, Monitoring and Reviewing of Standards". The seven clauses in this chapter cover areas such as The TMO's Performance Standards, The Council's Performance Standards, Regular Monitoring and Development Meetings, Annual Review, Equal Opportunities Monitoring and Five-Year Review.</p> <p>FCHS has received approximately £700k per annum in funding from the Council since its formation. Within this funding, FCHS has received £1.7m between 2008 and 1 November 2022 in respect of external decorations. FCHS has reported expenditure totalling £680,360 relating to external decorations. The latter is ringfenced and earmarked under the terms of the MMA to be used only for specific intended purposes.</p> <p>In 2021-22, the Council took the decision to take responsibility back for the completion of external decorations, and as part of this, the claw back of any unused monies within TMO earmarked reserves.</p> <p>Under the MMA, TMOs are required to produce audited financial statements within six months of the end of the financial year (by 30 September).</p> <p>A formal objection to the Council's annual statement of accounts 2021/22 was initially emailed by an elector within the borough and leaseholder of FCHS to the Council's Chief Accountant on 17 September 2022. The primary concern of the elector related to the use of funding provided by the Council for external decorations work, and that this had not been ringfenced and utilised for the purposes intended and no external decorations work had been completed with the approximate £1.8m funding but that it had been used for unintended purposes such as overheads, unauthorised overtime etc.</p>					

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Our review included assessing whether the funding allocated to FCHS for external decorations had been used for its intended purposes, the monitoring completed by the Council to ensure that the funding was being used correctly more widely compliance with the MMA. We also considered whether the Council has feasible plans in place in relation to the balance between the funds assigned and used in error, including whether leaseholders are required to pay for the external decorations again.

**Areas of strength:**

- Section 5 of the MMA states the Council shall appoint a liaison officer between the Council and the TMO. Discussions with officers confirmed this is the TMI Team Leader and their subordinates.
- The MMA states the TMO shall provide the Council with a copy of the accounts and balance sheet for the previous financial year audited by a qualified auditor. We confirmed the Council received this for four out of the last 5 years. At the time of testing the audited accounts had not yet been received for 2022.
- We obtained the housing stock condition surveys for all properties managed by FHCS. We reviewed the surveys, and they show stock condition data including information on when attributes were installed, had works done and when they are next due for repair. The surveys do not make any recommendations regarding notices of dilapidation.

**Areas of concern:**

- We found the Management Modular Agreement (MMA) did not clearly define roles and responsibilities for external decorations.
- The Council does not have evidence to confirm any training they have provided to the TMO around its the management and associated responsibilities. There is no oversight from the Council of whether training is provided by TMOs to their staff, or the quality of any training given.
- Allocation of funding to the TMO is not always clearly detailed for what purpose it is for making it difficult for the TMO to know what amounts were for external decorations and shouldn't be spent.
- We received limited evidence from the TMO regarding how they had spent the external decorations money and therefore cannot confirm that the £1.7m received from the Council between 2008 and 1 November 2022 or the £680,360 reported as being spent on external decorations was spent appropriately.
- Throughout our testing Council officers could not provide full supporting evidence to show the TMO complied with the MMA of the Council had executed its contract monitoring responsibilities adequately. They stated this may be due to some of it being saved on the personal drive of an Officer who was on extended leave.
- Our testing of the last five years financial information could not evidence that Council officers received a copy of the TMO's budget at the start of the fiscal year to scrutinise.
- Our testing of a random sample of five quarters from the last five years failed to confirm Council officers obtained and reviewed evidence of the TMO quarterly revenue report in line with the MMA.
- The MMA in operation from 2004 to 2021 stated the TMO should have a separate bank account for major works. The TMO did not have this, and Council officers failed to spot the omission, which may indicate that the TMO compliance with the MMA was not being adequately monitored.

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- Our testing of a random sample of quarters from the last five years failed to confirm Council officers regularly attended TMO Board meetings.
  - Our testing of a random sample of quarterly Board meetings from the last five years confirmed Financials are not included as a standard agenda item to ensure it receives regular and appropriate scrutiny.
  - The Council conducts random sampling as part of its monitoring regime. However, this is reactive when an issue becomes known to the Council as opposed to proactive.
  - The MMA states the appointment of external auditors must be done annually by Members of the Board and arrangements should be reviewed every three years by requesting quotes from alternative auditors. Evidence was not provided to confirm the appointment of the external auditors in 2019 or that a three-year review was conducted in 2015.
  - Council officers could not confirm or provide evidence they reviewed and implemented the recommendations from the external consultant's report.



<b>TMO</b> <b>Haddonhall Tenants Management Organisation</b> January 2024		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Moderate	Moderate	Medium	4
				Low	-
<b>Purpose of review:</b>	To provide assurance over the adequacy of the design and operational effectiveness of the controls in place relating to the TMO's operational and financial processes, such as financial management, procurement, and statutory compliance, including health and safety, fire risk assessment and asbestos.				
<b>Background:</b> The Council has 17 Tenant Management Organisations (TMOs) comprising 4,609 properties of which 2,972 are rented by Council tenants and 1,637 are leasehold or freehold. The Council funds the TMOs to run services and provides local offices. TMOs employ their own staff to provide the housing management services for the residents. The Council has a Modular Management Agreement (MMA) in place with each TMO, and these agreements are monitored on behalf of the Council by the Tenant Management Initiatives (TMI) team within the Environment and Leisure Department. The agreements outline the services that each party is responsible for in the management of housing stock. TMOs are distinct legal bodies, with the protection of limited liability for members. An elected Management Committee, comprising local tenants and leaseholders, runs the TMO and represent the residents and set the priorities. Any savings a TMO makes can be spent in line with the wishes of the local community. Within Haddonhall Co-operative, there are a total of 169 dwellings of which one third are owned by leaseholders and freeholders.					
<b>Areas of strength:</b> <ul style="list-style-type: none"> <li>Haddonhall TMO has an up-to-date Finance Policy, which was approved by the Management Committee. The Policy clearly outlines all aspects of procurement, approval, and financial limits.</li> <li>We reviewed the last three Management Committee meetings and last two Performance and Finance sub-committee meeting minutes and are able to conclude that budget monitoring is being undertaken on a regular basis.</li> <li>We confirmed through observation that the cheque book is securely stored. Transactions are regularly monitored through bank reconciliations.</li> <li>Our testing found that all credit card expenditure transactions were being monitored. Adequate supporting documentation was retained on file to support transactions, which had been approved by the appropriate authority.</li> <li>Our testing confirmed that debts are being recovered in accordance with agreed procedures.</li> </ul>					

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- Our testing found that repairs were completed in accordance with agreed procedures and the MMA.
  - We reviewed the process for leasing to prospective tenants as outlined within the MMA and confirmed that the TMO retained all correspondence and completed all required checks prior to the award of the property.
  - We reviewed the one new employee's contract and confirmed that it had been signed and dated, with all ID checks and bank checks completed prior to employment commencing.
  - The MMA outlines the arrangements between the Council and the TMO in terms of managing leaseholders and service charges, which we found to have been followed.

**Areas of concern:**

- Invoices for purchases at the TMO were not signed in line with the requirements of the Finance Policy.
- A standalone terms of reference is not in place for the Management Committee. Therefore key governance requirement such as the roles and responsibilities of members, frequency of meetings and quorum requirements are not documented.
- Not all members of the Management Committee had signed a declaration of interest form.
- A staff handbook is in place, but we found that it was last reviewed in September 2020. An Equal Opportunities Policy is in place, but it has not been reviewed since March 2020. A Staff Appraisal Policy is not place.

<b>ENG28</b> <b>Tree Management Services</b> January 2024		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Moderate	Moderate	Medium	4
				Low	-
<b>Purpose of review:</b>	To provide assurance over the adequacy and effectiveness of the controls to manage trees across the borough, such that the safety and wellbeing of residents is maintained.				
<p><b>Background:</b></p> <p>There are 90,000+ trees in the borough excluding areas designated as woodland, those managed by Transport for London, trees located within residential gardens and those on other private land. Southwark has estimated the financial value of its trees to be £2,629,973,096 (based upon existing survey information), using the Capital Asset Value for Amenity Trees (CAVAT) method, which provides a strategic tool for the management of tree stock as a whole, as if it were a financial asset of the community. Trees in Southwark are facing significant challenges both because of the urban nature of the environment in which they grow and because of environmental challenges such as pests and diseases. The tree management policy and TRMS set out how the Council intends to mitigate these challenges.</p> <p>The Council's vision for the management of its tree stock is set out in its Tree Management Policy 2020-25, Tree Risk Management Strategy (TRMS), 2019 and Southwark's Transport Strategy 2023-30: Streets for People. The Tree Section is within the Environment, Neighbourhoods and Growth (ENG) Directorate and is responsible for surveying, recording of information, maintenance, and planting of the borough's trees as well as dealing with enquires and insurance claims. Survey results are input to the infrastructure asset management system, Confirm, and plotted on Southwark Maps, an interactive mapping system. To prevent inappropriate pruning or damage to important trees, a Tree Preservation Order (TPO) register is maintained by the planning department.</p> <p><b>Areas of strength:</b></p> <ul style="list-style-type: none"> <li>• Governance framework: There is a comprehensive governance framework, clear structural arrangements, and reporting lines in place, which are set out in the Tree Management Policy and Tree Risk Management Strategy (TRMS). Through the Tree Management Board, we found regular performance monitoring and reporting during 2023-24, to provide oversight and support by senior management.</li> <li>• Operational policies, risk management and procedural guidance: The policies and TRMS are underpinned by comprehensive procedural guidance. All have been reviewed and updated regularly to incorporate tree management regulations and standards, including guidance on obtaining necessary traffic permits, and required documentation to support effective decision-making.</li> </ul>					

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- Tree planting: The Council is undertaking large tree planting programmes in association with climate change mitigation. Approved Gateway documents dated 9 October 2023 regarding the 2023-24 tree planting programme state that 17,000 new trees against a 10,000-target announced by Cabinet were planted in 2020-21 and 2021-22. Following this success, a new Target has been set to plant a further 20,000 trees by May 2026.
  - Biosecurity protocols: The Council's procurement strategy and contract award for the tree planting nursery supply for the 2023-24 tree planting programme state that there are auditable biosecurity protocols to prevent the spread of pests and diseases. It should be noted that validation checks to confirm compliance with the stated biosecurity protocols, as agreed with the Tree Services Manager, were outside of the scope of this internal audit review.
  - Pests and diseases: We confirmed that sightings of pests and diseases, including Chalara ash dieback, Massaria disease of London plane, and oak processionary moth (OPM), as well as where there are live works occurring, are plotted on the Southwark interactive mapping system, that we were informed, is updated daily.

**Areas of concern:**

- Time sensitive tree works completion: From our sample testing, we found that emergency, urgent, and other time sensitive tree works are managed by the LBS team as call outs, however, the jobs were not being closed in Confirm to demonstrate completion by the target due dates.
- In addition, the tree works undertaken in the period July to September 2023 totaled 10,618. Of these, 1,424 were completed by the Council's teams and 9,194 by contractors. However, our review identified that no benchmarking has been undertaken to identify the procedural similarities and differences between the Council's teams and contractors, and opportunities for improved productivity, efficiencies, and economic savings, although a key procedural difference had been identified regarding the use of temporary traffic management arrangements which are implemented to facilitate maintenance activities.
- Quality monitoring and review of tree works: There is no structured process to evidence the ongoing quality monitoring and review of tree works.
- Case management: The case management history of trees implicated in public liability claims is not readily traceable to the unique tree reference number and works history maintained on the Confirm system.
- Tree failure in residents/tenant's gardens: There was a tree failure on a housing estate which resulted in property damage to a garden fence and debris falling on or close to children's toys in a garden. Our review identified there was no previous condition inspection or maintenance history linked to the tree. In addition, we were informed that the Council does not inspect the trees in residents/tenant's gardens, only those that are in communal areas. There are 17,000 trees on the borough's estates.

## 5. SUMMARY OF RECOMMENDATIONS STATUS

The chart shows the relative percentages for each year from 2020-21 to 2023-24.

Of the 507 high and medium recommendations relating to 2017-18 to 2023-24, that have fallen due as of 18 January 2024, we have confirmed with reference to evidence that 452 have been fully implemented or superseded, representing 89%, the same rate as reported in November 2023.

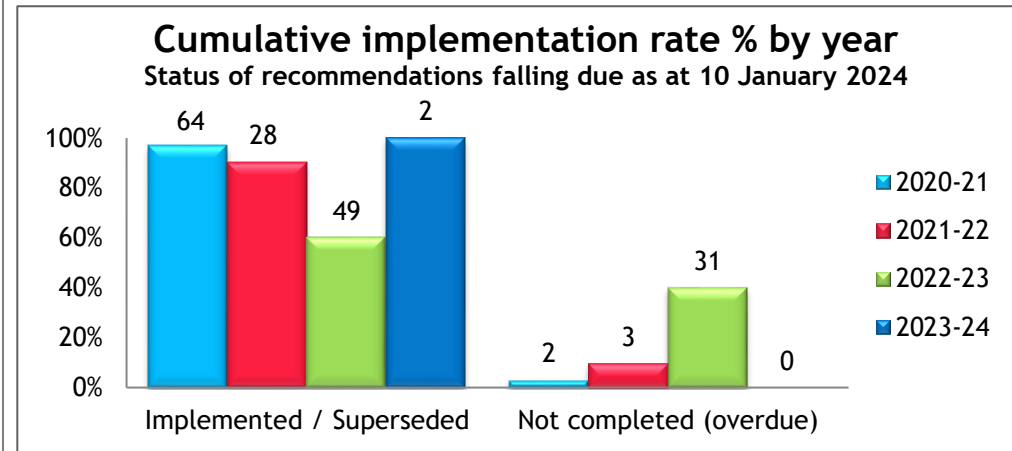
However, several recommendation target dates for 2022-23 audits are continuing to be revised multiple times, which is preventing a better implementation rate.

There also remain some longstanding recommendations from previous years that are yet to be fully implemented, although these have now reduced in number.

The implementation status of each internal audit is summarised in the table overleaf.

*Please note that the table does not include audits where:*

- *All recommendations have been implemented.*
- *Recommendations to be followed up as part of another audit during the year (for example key financial systems)*
- *Recommendations not yet due for implementation.*



## RECOMMENDATION IMPLEMENTATION RATES BY AUDIT - LONGSTANDING OVERDUE

Audit Area	Total High & Medium recommendations due for implementation	Implemented		In progress at the follow up date		Awaiting update, revised date, or evidence		% Verified complete	Management Implementation dates
		H	M	H	M	H	M		
<b>2020-21 Audits</b>									
<b>Environment, Neighbourhoods and Growth Directorate</b>									
2020-21 Community Infrastructure Levy <i>As officers reported in June 2023 meeting, recommendation will be implemented by the end of March 2024.</i>	1	-	-	-	1	-	-	0%	<del>December 2020</del> <del>July 2021</del> March 2024
2020-21 South Dock Marina <i>Please refer to latest update.</i>	1	-	-	-	-	1	-	0%	<del>June 2022</del> <del>November 2022</del> <del>March 2023</del> March 2024
<b>2021-22 Audits</b>									
<b>Finance Directorate</b>									
2021-22 Software Asset Management <i>Please refer to latest update.</i>	4	-	3	-	1	-	-	75%	<del>March 2022</del> <del>September 2022</del> <del>December 2022</del> <del>June 2023</del> <del>August 2023</del> <del>November 2023</del> March 2024
<b>Housing Directorate</b>									
2021-22 Cooper Close TMO <i>Please refer to latest update.</i>	3	-	1	-	2	-	-	33%	<del>April 2022</del> <del>July 2022</del> <del>November 2023</del> March 2024

## 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		
<b>Assistant Chief Executive's Department - Governance and Assurance</b>									
2022-23 Complaints	2	-	1	-	-	1	-	50%	<del>March 2023</del> <del>August 2023</del> <del>December 2023</del> Awaiting response
2022-23 Payroll and HR	2	-	1	-	1	-	-	50%	<del>July 2023</del> <del>September 2023</del> <del>January 2024</del> March 2024
2022-23 Supplier Resilience	5	1	3	-	2	-	-	60%	<del>August 2023</del> <del>October 2023</del> <del>January 2024</del> March 2024
<b>Childrens and Adults Directorate</b>									
2022-23 SEND Finance	7	-	1	4	2	-	-	14%	<del>January 2024</del> May 2024
2022-23 Mental Health	2	-	1	-	1	-	-	50%	<del>October 2023</del> <del>December 2023</del> March 2024
2022-23 Safeguarding Adults	2	-	-	-	2	-	-	0%	<del>November 2023</del> <del>January 2024</del> March 2024
2022-23 Mosaic Payments	3	-	2	-	1	-	-	67%	March 2024

Audit Area	Total High & Medium recommendations due for implementation	Implemented		In progress at the follow up date		Awaiting update, revised date, or evidence		% Verified complete	Management Implementation dates
		H	M	H	M	H	M		
<b>Environment, Neighbourhoods and Growth Directorate</b>									
2022-23 Library Services	4	-	3	-	1	-	-	75%	<del>September 2022</del> <del>April 2023</del> <del>July 2023</del> <del>September 2023</del> <del>December 2023</del> March 2024
2022-23 Cemeteries and Crematoria	4	-	2	-	2	-	-	50%	<del>30 June 2023</del> <del>December 2023</del> March 2024
2022-23 Markets	3	-	-	-	3	-	-	0%	<del>September 2023</del> <del>April 2024</del> June 2024
2022-23 Parking Management and Estates Parking Permits	5	-	-	3	2	-	-	0%	<del>January 2024</del> March 2024
<b>Finance Directorate</b>									
2022-23 Insurance	2	-	-	-	2	-	-	0%	<del>December 2022</del> <del>July 2023</del> <del>September 2023</del> <del>January 2024</del> March 2024
2022-23 Software Licensing Management	5	-	1	-	4	-	-	20%	<del>February 2023</del> <del>July 2023</del> <del>October 2023</del> March 2024



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 Accounts Payable	3	-	-	-	3	-	-	0%	<del>July 2023</del> <del>September 2023</del> April 2024
2022-23 Pensions Administration	2	-	-	-	2	-	-	0%	<del>June 2023</del> <del>October 2023</del> March 2024
2022-23 Housing Rents	4	-	2	-	2	-	-	50%	<del>October 2023</del> <del>February 2024</del> March 2024
2022-23 General Fund Capital - Expenditure Management	3	-	-	-	-	-	-	0%	<del>February 2024</del> April 2024
<b>Housing Directorate</b>									
2022-23 TMO - Brenchley Gardens	8	-	-	7	1	-	-	0%	<del>November 2023</del> March 2024

## 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
<b>Governance and Assurance Directorate</b>		
<b>2022-23 Complaints</b>		
<p>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.</p> <p><b>High</b></p>	<p>Operations Manager/Complaints Manager  <del>February 2023/March 2023</del>  <del>August 2023</del>  <del>September 2023</del>  <del>December 2023</del>                      To be followed up in March 2024</p>	<p>We did not receive a response to our request for an update on 13 December 2023 and reminder on 10 January 2024.</p> <p>The previous updated obtained was that:</p> <p>1.6 - The Complaints Manager confirmed that the recruitment of a Quality and Performance team will commence at the end of October. It is proposed that the spot checks will be reported on at the next quarterly CMT report.</p>
<b>2022-23 Payroll and HR</b>		
<p>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.</p> <p>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.</p> <p><b>Medium</b></p>	<p>Head of HR Operations/Principal SAP Officer  <del>1 July 2023</del>  <del>September 2023</del>  <del>January 2024</del>                      March 2024</p>	<p>1. The Head of HR confirmed that the full run-through of the payroll processes for all three payrolls was undertaken with the Head of HR Operations. This included identification of supporting documents that form part of the approvals process for the various process steps. We are currently awaiting evidence to verify completion.</p> <p>2) The Head of HR confirmed that the approval and confirmation process as outlined will be fully documented as part of an overarching documentation exercise of all payroll processes. This will also identify accountable individuals, plus their understudies should the principal individual be unavailable. The due date for this action has therefore been revised.</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>1. The review of the overpayments procedure document should be completed to ensure guidance regarding sufficient and timely recovery action is in place. This recommendation was raised in the 2021/22 audit and has rolled over into this audit.</p> <p>2. Staff should be briefed on the reviewed procedure to ensure it is adhered to. This recommendation was raised in the 2021/22 audit and has rolled over into this audit.</p> <p>3. The Council should introduce a KPI to ensure recovery action for overpayments is monitored, such as a KPI for the time taken for overpayments to be added to the managed debt process.</p> <p><b>Medium</b></p>	<p>Head of HR Operations/Principal SAP Officer</p> <p><del>4 October 2023</del>  <del>January 2024</del>  March 2024</p>	<p>1. The Head of HR confirmed that review of the overpayment procedure has identified the proposed debt recovery/management processes are appropriate to meet business needs. Relevant process guidance is being created to support the procedure.</p> <p>2. Aligned with the above work an appropriate briefing familiarization session will be prepared and delivered to the HR&amp;OD team on debt avoidance and management.</p> <p>3. A meaningful KPI will be submitted to the Director of People and OD for approval for use within the HR&amp;OD service. This process will also seek direction from the Director of People and OD on the potential use/wider publication of this KPI as part of range of KPI's in the people space.</p>
<b>2022-23 Supplier Resilience</b>		
<p>4.2 Ensure Southwark Construction have an up-to-date business continuity plan in place, which includes key suppliers.</p> <p><b>Medium</b></p>	<p>Lead Contract Officers/Chief Officers for all Strategic Contracts</p> <p>Director of Southwark Construction</p> <p>Corporate Risk and Insurance Manager</p> <p><del>July 2023</del>  <del>31 October 2023</del>  March 2024</p>	<p>We were advised by the Emergency Planning and Resilience Manager that business continuity (BC) plans are now completed in a standard format across the organisation. Completed plans are held on standalone BC software package maintained by the emergency planning team but the plans are departmentally owned. Within the planning process each departmental lead BC officer is required to consider the business continuity plans of their key suppliers. The process is ongoing and reviewed at least annually. We requested a copy of the Southwark Construction BCP and are awaiting receipt before marking this recommendation as complete.</p>
<p>7.1 Ensure all contracts include Key Performance Indicators to measure the performance of the supplier.</p> <p>7.2 Ensure all contract managers regularly monitor performance of the supplier in line with the contract.</p> <p><b>Medium</b></p>	<p>Chief Officers / CMT</p> <p>Strategic Director of Finance and Assistance Chief Executive - Governance and Assurance</p> <p><del>August 2023</del>  <del>September 2023</del>  <del>January 2024</del>  To be followed up in March 2024</p>	<p>The Head of Procurement advised that a review of Contract Management has been on-going since November 2023. It is presenting findings and recommendations on next steps to CMT 23 January 2024. The Procurement Act scheduled date to come into force is currently October 2024.</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<b>Children's and Adults Directorate</b>		
<b>2022-23 Safeguarding Adults</b>		
<p>Team management should complete quarterly sample checks to ensure referrals are completed and documented appropriately. Where issues are identified training should be implemented for the team or individuals to ensure these are resolved.</p> <p><b>Medium</b></p>	<p>Team Manager - Safeguarding and DOLS - Adult Social Care</p> <p><del>31 August 2023</del>  <del>January 2024</del>  March 2024</p>	<p>The Principal Social Worker and Strategic Lead for Safeguarding Adults and DoLS advised that the Team Manager recently left the Council, and a new Lead has yet to start. However, this piece of work should continue in mid to late February 2024 following the start of the new Lead, and the Council is aiming to deliver the recommendation by the next AGSC meeting.</p>
<p>The Performance and Quality Team should undertake monthly audits focusing on safeguarding to ensure that any issues are identified and resolved by the team.</p> <p><b>Medium</b></p>	<p>Team Manager - Safeguarding and DOLS - Adult Social Care</p> <p><del>31 August 2023</del>  <del>January 2024</del>  March 2024</p>	<p>The Principal Social Worker and Strategic Lead for Safeguarding Adults and DoLS advised that the Team Manager recently left the Council, and a new Lead has yet to start. However, this piece of work should continue in mid to late February 2024 following the start of the new Lead, and the Council is aiming to deliver the recommendation by the next AGSC meeting.</p>
<b>2022-23 Mosaic Payments</b>		
<p>3.2 On a six-monthly basis, and during the annual uplift process, the Payments Team should review the payment rates applied to providers and ensure its correctness prior to processing the uplifts.</p>	<p>Head of Service</p> <p>31 March 2024</p>	<p>We were advised that this is in progress and the Service Manager for the Personal Budgets Service has devised a methodology to carry out a quarterly check for rates where uplifts haven't been applied. In addition, a sample of cases will be reviewed on a quarterly basis to check that the correct uplift rate was applied.</p>
<b>2022-23 Mental Health</b>		
<p>2.1 The Council should complete a review of all placements currently ongoing and ensure that any placements that have been in place for longer than 12 months have been subject to an annual review which has been passed to Panel for review.</p> <p>2.2 The next review date following the initial assessment should be included into Mosaic to allow for reports to run detailing when placements are close to being due for an annual assessment. This should be communicated with the Performance &amp; Quality Data Team so they can include this information in the management information currently provided. If this is not feasible due to the functionality of Mosaic, then we recommend that spot checks</p>	<p>Heads of Service / MOSAIC - manager</p> <p><del>September 2023</del>  <del>November 2023</del>  To be followed up in March 2024</p>	<p>We did not receive a response to our request for an update on 13 December 2023 and reminder on 3 and 12 January 2024.</p> <p>We were previously advised that the team continues to work towards achieving this and have prioritised those people who due an annual review. As of Sept 2023, 154 cases have had review in the past 12 months.</p> <p>2.2 - The system automatically generates a next review date, so PDQ can run reports from it for sharing with Managers as part of the performance dashboard.</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>should be carried to ensure that placements have been reviewed annually.</p> <p><b>Medium</b></p>		
<b>2022-23 SEND Finance</b>		
<p>2.1 Officers should regularly reconcile invoices against the amounts due as per the authorised costing forms to confirm they are accurate for the period detailed on the invoice. The spreadsheet should include details of the funding amount per term and the daily amount to enable the funding period recorded on the invoice to be checked and confirmed before payment is made.</p> <p>2.2 The SEND Finance Team should ensure that invoices are paid within the terms set by the placement providers and in accordance with the terms and conditions of the Dedicated Schools Grant in relation to top-up funding. Where there are delays in making a payment or the invoice is disputed, the reason for the delay should be recorded on the invoice and the spreadsheet and the provider should be notified of when to expect a payment.</p> <p>2.3 Payments should be made more frequently, for example, termly at least, to those providers who are currently only paid twice a year. Consideration should be given to the following to assist in the payment of invoices more frequently: use of Mosaic system; raising of blanket Purchase Orders to providers; encouraging providers to join a framework where they are paid a monthly amount.</p> <p>2.4 The consolidation of the data in the Capita system will help to improve the accountability and approval to mitigate the risk of inappropriate payments. In addition, the production of regular aged creditors report would assist in the follow-up of non-payments to providers.</p> <p><b>High</b></p>	<p>Assistant Director for SEND</p> <p><del>January 2024</del></p> <p>May 2024</p>	<p>The Assistant Director for SEND advised that a working group is due to be established to monitor progress of the audit recommendations due to some slippage in the timescales originally provided. We were advised that the following actions are planned to be completed:</p> <p>2.1 A detailed end-to-end review of the SEND finance process, tracking and monitoring arrangements will be undertaken. An analysis of the reasons for disputes will be undertaken to provide a basis for a dispute resolution process and to eliminate any internal cause to payment delays.</p> <p>2.2 A task and finish group across Children and Adults Services is working together to look at opportunities for automation, system improvement aligning best practice across Children and Adults Services. The review will make recommendations regarding the frequency of payments. Commissioning staff will explore opportunities to agree block contract arrangements, including payments, and joining the SEND framework, including the issuance of contracts.</p> <p>2.3 New, modernized performance and monitoring arrangements will be developed using Power BI to assist in the follow-up of non-payments to providers. The working group, as referenced above, will consider whether there are mechanisms to support automation which will highlight non- payment issues.</p>
<b>Environment, Neighbourhoods and Growth Directorate</b>		
<b>2020-21 South Dock Marina</b>		
<p>Both the Council and Marina should work together in order to agree a solution towards paperless working. Whilst we also</p>	<p>Harbour Master</p> <p><del>June 2022</del></p>	<p>We were advised by the Divisional Business Manager that the Gateway report has not been sent for sign off. Subject to this, software</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>recognise that the Marina does not have immediate capacity to deploy resources to scan all documentation, this is something that the Marina and Council should consider over the medium-long term to ensure all paper documentation has been scanned to either the Havenstar system (pending relevant modules and system upgrades) or the Marina's shared drive.</p> <p><b>Medium</b></p>	<p>April 2024</p>	<p>delivery should be complete by quarter 4 of 2023/24, with a customer go live of quarter 1 2024-25.</p>
<b>2022-23 Library Services</b>		
<p>b) A formal investigation should be initiated by Senior Management to review whether the services received by the service provider meet contractual expectations, and whether an alternative option should be considered where collections are not made in line with the contract, and the issue persists.</p> <p><b>Medium</b></p>	<p>Library Operations Manager</p> <p><del>August 2022</del> <del>March 2023</del> <del>July 2023</del> <del>September 2023</del> <del>December 2023</del> March 2024</p>	<p>We were advised by the Libraries and Heritage Manager that the cashless payments has now been implemented at a test site pending roll out to all sites. There are some issues with the system being resolved at the test site, and the Council are reliant on capacity in the payments and IT teams to fully rectify before rolling out to all libraries. Date TBC but anticipating roll-out will be complete by March 2024. Current cash collection services are operating as normal with no issues reported.</p>
<b>2022-23 Cemeteries and Crematoria</b>		
<p>1.3 Ensure hardcopy published information meets the needs of Bereavement Services customers, especially those with impairments in accordance with the 2018 accessibility standard.</p> <p><b>Medium</b></p>	<p>Sam Rees - Bereavement Services Manager</p> <p><del>30 June 2023</del> <del>December 2023</del> <del>February 2024</del> April 2024</p>	<p>The Bereavement Services Manager advised that all of the web pages have been reviewed to ensure this, as part of a wider council initiative, all other documentation that is not a statutory document has been withdrawn and reviewed to see what is needed. Once this is complete; draft versions will be sent to comms to meet requirements. We were advised that this action remains in progress given its dependency on a wider Council project.</p>
<p>2.1 Our review supports consideration of developing an e-Booking Service, so applicants can book an appropriate slot and track their appointments online easily, safely, and securely.</p> <p><b>Medium</b></p>	<p>Bereavement Services Manager</p> <p><del>30 September 2023</del> <del>To be followed up in December 2023</del> March 2024</p>	<p>We were advised by the Bereavement Services Manager that this action is currently still progressing with IT to move to vendor hosting, DPIA approvals were gained at the end of November and testing will commence shortly, with a view that the process should be completed and implemented by the end of March 2024.</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p><b>2022-23 No Recourse to Public Funds</b></p> <p>1.1 The Council should Investigate fully the reasons why officers do not complete case reviews on time.</p> <p>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.</p> <p>1.3 A resourced plan should be put in place to address the backlog of overdue reviews and to ensure that sufficient resources are available to complete future reviews on time.</p> <p><b>High</b></p>	<p>NRPF Management Team</p> <p><del>3 July 2023</del></p> <p><del>31 August 2023</del></p> <p><del>3 November 2023</del></p> <p>To be followed up in April 2024</p>	<p>The Community Support Team manager advised us that these actions are in progress:</p> <p>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 team are implementing that line managers discuss reviews status with their cohort at each supervision.</p> <p>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. The NRPF team are starting service development to streamline reporting primarily from Mosaic, which kicked off on 16 August 2023.</p> <p>1.3 - As above, the team will be meeting the Divisional Business Manager to look at service development for streamlining the service.</p>
<p>2.1 Regular performance monitoring and reporting should be reintroduced, to report the following information:</p> <ol style="list-style-type: none"> <li>1. Number of NRPF cases.</li> <li>2. Number of households.</li> <li>3. Types of Support</li> <li>4. Length of Support</li> <li>5. Analysis of trends / comparisons to previous data periods</li> <li>6. Outstanding / overdue reviews</li> </ol> <p>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.</p> <p><b>Medium</b></p>	<p>Community Support Team Manager</p> <p><del>3 July 2023</del><del>31 August 2023</del></p> <p><del>6 November 2023</del></p> <p>To be followed up in April 2024</p>	<p>The Community Support Team manager advised us that these actions are in progress:</p> <p>2.1 - Per the updates provided for actions 1.2 &amp; 1.3, this action is in progress and commenced on 16 August 2023.</p> <p>2.2 - The NRPF team will be reviewed performance in manager's meetings, with an action plan meeting to be held week beginning 6 November 2023.</p>
<p>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.</p> <p>3.2. Officers should be reminded of the importance of evidencing the decisions they make to confirm compliance with procedures and legislation.</p> <p><b>Medium</b></p>	<p>NRPF Management Team</p> <p><del>3 July 2023</del></p> <p><del>October 2023</del></p> <p><del>November 2023</del></p> <p>To be followed up in April 2024</p>	<p>The Community Support Team manager advised us that these actions are in progress:</p> <p>3.1 - The team have started case monitoring reviewing cases over 5 years old. Managers are to implement quality control as from October 2023 by reviewing a sample of referrals from July to September.</p> <p>3.2 - Case checklist will be implemented - will review checklist for implementation from November 2023.</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<b>2022-23 Markets</b>		
<p>1.1 The Council should review the Markets policy and outline the delegated authority level to remove temporary and permanent licences.</p> <p>1.2 Guidance should be created detailing the documentation to be provided by permanent, temporary traders and operators. This should be published on the Council's website and referred to internally by the Markets Team when conducting documentation checks.</p> <p><b>Medium</b></p>	<p>Markets and Street Trading Manager  <del>Autumn 2023</del>  January 2024  June 2024</p>	<p>We were advised of the following updates:</p> <p>1.1 Any changes agreed will be taken to licensing Committee in June 2024 after consultation with traders.</p> <p>1.2 The online booking and applications for temp traders and private operators has been implemented. The traders are now booking their weekly / daily pitches and paying through FGL.</p>
<p>2.1 When the annual renewal process is undertaken for the upcoming financial year, a review of all ongoing traders' files should be undertaken to ensure that all supporting documentation has been provided and it is current. If any missing documents are identified, these should be requested prior to the permit being renewed. A confirmation of the review should be provided to the Markets and Street Trading Manager. The renewed licence should be subsequently uploaded on the FGL system.</p> <p>2.2 During the annual renewal process, if insufficient documents are provided by traders, the trader account should be changed from 'live' to 'not live' to achieve consistency in record keeping.</p> <p><b>Medium</b></p>	<p>Markets and Street Trading Manager  <del>Autumn 2023</del>  April 2024</p>	<p>We were advised of the following updates:</p> <p>2.1 This process is now moving into the final phase on FGL. Permanent operators will be able to renew and pay online. All renewals are now from 1<sup>st</sup> April 2024, so all traders are renewed at the beginning of the new financial year. All documentation needs to be uploaded before permits are awarded.</p> <p>2.2 This will be in place for permit renewals on FGL.</p>
<p>3.1 The debt recovery procedure document should be updated to include the requirement of attaching all correspondence with the trader on the SAP system, to ensure the Corporate Income &amp; Debt Management Team have adequate information to pursue debts.</p> <p>3.2 The Markets Team should request an update from the Corporate Income &amp; Debt Management Team on a quarterly basis and record this on the list of traders, to ensure that debtors are not missed, and debt recovery actions are initiated.</p> <p>3.3 The Commercial and Administrative Officer should request SAP access to download electronic reports of debtor accounts. If this is not feasible, then these reports should be requested from the Environment &amp; Leisure Finance Team on a monthly basis.</p> <p><b>Medium</b></p>	<p>Markets and Street Trading Manager  <del>Autumn 2023</del>  April 2024</p>	<p>We were advised of the following updates:</p> <p>3.1 Markets and Street Trading are still working with Finance and SAP. From 1<sup>st</sup> April 2024, with FGL fully implemented, there will not be any outstanding paper invoices.</p> <p>3.2 This has been implemented and the team are holding monthly meetings with SAP. Debt recovery has been initiated. We are currently awaiting evidence to confirm implementation.</p> <p>3.3 Access and training for commercial and admin officers will commence in November 2024.</p>



Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<b>2022/23 - Parking Management and Estates Parking Permits</b>		
<p>1.1 Establish a clear governance framework for parking services, with clear responsibility and accountability for all key financial and operational tasks, including reporting lines for the following:</p> <ul style="list-style-type: none"> <li>• Issuing and administering permit applications</li> <li>• Call centre operations relating to parking.</li> <li>• School crossing patrol officers</li> <li>• Dealing with the early stages of representations and appeals and related correspondence</li> <li>• Debt management and the associated follow up of untraceable vehicles.</li> <li>• Updating and checking the annual schedules of parking fees and charges, price increases and variations, coming into effect ahead of each financial year once approved by Cabinet.</li> </ul> <p>1.2 Develop a clear and comprehensive organisational structure chart and ensure this is maintained.</p> <p><b>High</b></p>	<p>Estate Parking Portfolio Holder <del>December 2023</del> March 2024</p>	<p>We were advised of the following updates:</p> <ul style="list-style-type: none"> <li>• The contact centre has an action plan in place regarding the issuing/administration of parking applications.</li> <li>• Agreed action plan for implementation and compliance following meeting with parking team and finance.</li> <li>• Schedules of parking fees and charges have been checked and will be implemented following cabinet approval.</li> <li>• To be implemented - discussion held to discuss the effectiveness of the current arrangement. The Council are exploring the viability of merging street and estate parking services under one service to address the blurred lines in the organisational structure. Further discussions are planned.</li> </ul>
<p>2.1 Develop clear procedures to ensure the annual schedules of parking fees and charges, price increases and variations, coming into effect are updated and checked thoroughly ahead of each financial year once approved by Cabinet.</p> <p>2.3 Review and consider publishing comprehensive and detailed schedules of annual parking fees and charges, including price increases and variations on the Council Website.</p> <p><b>High</b></p>	<p>Estate Parking Portfolio Holder and Housing Finance Team <del>January 2024</del> March 2024</p>	<p>We were advised of the following updates that are now expected by March 2024:</p> <ul style="list-style-type: none"> <li>• This would be implemented following cabinet approval.</li> <li>• Fees and charges are relevant to the service and are included on the Council's website.</li> </ul>
<p>3.1 Introduce checklists for staff for each parking permit type to guide the completion of appropriate validation checks including the collection, scanning, and indexing of appropriate proof prior to issuing the estates parking permits, ensuring that all proof</p>	<p>Sean Conway/ Ade Aderemi <del>September 2023</del> March 2024</p>	<p>We were advised of the following updates:</p> <ul style="list-style-type: none"> <li>• A new staff process guide has been developed with clear instructions regarding acceptable documentary evidence for each permit type. The policy for Estate Parking requires formal sign-off with the council's Enforcement Manager prior to issuing an official</li> </ul>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>supplied must be in the same name and address as the permit application.</p> <p>3.2 Introduce quality monitoring control procedures to confirm the validation of the estates parking permits granted to ensure all proof supplied is complete and in the same name and address as the permit application. We recommend that this is undertaken on a sample basis across the range of permit types, monthly. Any high error rates should be discussed, and actions agreed to improve this in future.</p> <p>3.3 Develop a policy and procedure on giving refunds.</p> <p>3.4 The quality monitoring control procedures should include checking for any duplicate permit applications occurring to ensure these are corrected monthly.</p> <p>3.5 Obtain a list of staff with Dash system access. Review staff system access to ensure the access permissions are appropriate in accordance with roles and responsibilities.</p>		<p>process guide and updating web pages.</p> <ul style="list-style-type: none"> <li>• All documents supplied will be stored virtually and must match the address for which the permit(s) is required. Images/scans of supporting documents provided by residents will reside in the new Imperial system. The provision for two documents per application has been made. The system will also employ Experian for additional verification, stored against applicants' profile.</li> <li>• Contact Centre Productivity and Conformance coaches monitor the above. In addition, the Imperial application has systems in place that will mitigate non-conformance.</li> <li>• A new quality monitoring process specifically for validation of estates permits has been introduced by the quality and training team. The Imperial application has systems in place that ensure validation.</li> <li>• Service and tactical managers above operational grades have oversight of this new process and review regularly. A stringent approvals process in line with mandated policy is in place, rendering this action to be taken on a discretionary basis.</li> <li>• The refunds policy has been revised to ensure there is always a clear and acceptable reason for authorising a refund e.g., tenant moves out of the borough, while the current permit is still valid. Documentary evidence will be required.</li> <li>• At the time of individual permit authorisation, a check is made for a duplicate. The issue of duplicate permits was unique to the Dash platform and will not be possible with Imperial, it will be identified with automation.</li> <li>• For a refund to be granted, evidence of the change e.g., property void date/ proof of sale of second vehicle will be required (first vehicle not currently charged for)</li> <li>• The Business Improvement team compile and maintain a list of active service users that is checked on a weekly basis to ensure that only current staff with authority to do so have systems access. Permission for individuals to authorise permit applications will only be granted after a full understanding of policy and service can be demonstrated.</li> </ul>
<p><b>High</b></p>		

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
4.6 Budget income targets should be considered for determination in the approved budget. <b>Medium</b>	Robert Egueye/Finance Team <del>January 2024</del> March 2024	We were advised that Housing has a fixed income budget, but this will be considered as part of the 2024/25 budget process currently underway.
5.1 The nature and make-up of aged, bad, and uncollectable parking debts for the financial years 2019-20, 2020-21, 2021-22 and 2022-23 should be scheduled. <b>Medium</b>	Robert Egueye/Finance Team <del>November 2023</del> March 2024	Housing holds a bad debt provision based on summarised information provided from Environment, Neighbourhoods and Growth, Discussion held with the relevant teams and action plan agreed for write off reports to be completed timely and full schedules provided and write off reports collated and signed. This will be reviewed regularly. We will review the write off schedule at the year end.
<b>Finance Directorate</b>		
<b>2022-23 Insurance</b>		
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>Medium</b>	Corporate Risk and Insurance Manager <del>October 22</del> <del>July 2023</del> <del>September 2023</del> <del>January 2024</del> March 2024	Part a) - We were advised that the Strategic Director of Finance asked the Chief Digital and Technology Officer to conduct a review of current cyber security provisions in place and provide a report partly to see if the Council could meet the minimum insurer requirements as a starting point. This is an ongoing piece of work with the area still being explored. A cyber liability policy can be expensive with insurers often requiring fairly high deductibles, so the Council also needs to be clear on the benefit of putting one in place if there is a large element of self-insurance. We agreed that the position of this action will be reviewed in 2024 for further updates.  A further update was provided in January 2024 that this item is still under review, however the Council is not yet in the position to seek quotes with insurers. The position will therefore be reviewed again in March 2024, ahead of the next AGSC.
On a six-monthly basis, a formal review of claims received should be undertaken identifying if there has been an increase in types of claims or locations of claims. These should be discussed at management meetings and reported to relevant departments as necessary to identify actions to mitigate the incidence of claims in the future. <b>Medium</b>	Corporate Risk and Insurance Manager <del>December 2022</del> <del>June 2023</del> <del>September 2023</del> <del>December 23</del> March 2024	We were advised that the claims handlers' new system was rolled out as expected at the start of December 2023, and training on using the system was scheduled for 14 December 2023. The Council have also modified the coding that claims are assigned to improve accessibility. We will review the operation on the new system at the year end.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p><b>2021-22 Software Asset Management</b></p> <p>i)Management should carry out an exercise for collecting details and licensing information relating to the Council’s IT applications and update the Council’s application register as necessary. This should include:</p> <ul style="list-style-type: none"> <li>• Business owners assigned to the 53% of applications that do not currently have a business owner</li> <li>• Software version number and the date it was last upgraded</li> <li>• Licencing information, including license type, product keys, location of the installation CD and expiry date.</li> </ul> <p>ii)Arrangements should be put in place for the application register to be reviewed on a more regular basis, including the requirement for application owners to report to the Head of IT Applications throughout the year with any corresponding changes documented in the register. This process should also be adopted by services who own their applications when not managed by the central IT application team.</p> <p>Alternatively, management should perform a cost benefit analysis for commissioning an automated software asset management tool to assist with software management.</p> <p><b>Medium</b></p>	<p>Head of IT Applications</p> <p><del>June 2021</del></p> <p><del>September 2022</del></p> <p><del>December 2022</del></p> <p><del>June 2023</del></p> <p><del>September 2023</del></p> <p><del>November 2023</del></p> <p>January 2024</p> <p>March 2024</p>	<p>The Head of Applications confirmed that as part of Applications Register Project, Fujitsu working with Southwark application leads and third party software tools to capture relevant info about all Southwark business applications. Due to technical issues with setting up third party software tools, info capture expected to complete by end of January 2024 and upload into applications register expected to complete by end of March 2024. Target project completion date has been revised accordingly.</p>
<p><b>2022-23 Software Licensing Management</b></p> <p>Processes for the management of software licences, including renewal processes, handling starters/movers/leavers with input from the Council’s HR Service, liaison with business owners, storing licence agreements, monitoring licence utilisation, and updating central monitoring spreadsheets, should be formally documented, and communicated to all relevant staff.</p> <p><b>Medium</b></p>	<p>Head of Applications</p> <p><del>July 2023</del></p> <p><del>September 2023</del></p> <p><del>January 2024</del></p> <p>March 2024</p>	<p>The Head of Technology Transformation advised that as part of Applications Register Project, Fujitsu working with Southwark application leads and third party software tools to capture relevant info about all Southwark business applications. Due to technical issues with setting up third party software tools, info capture expected to complete by end of January 2024 and upload into applications register expected to complete by end of March 2024. Target project completion date has been revised accordingly.</p>
<p>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</p>	<p>Head of Applications</p> <p>July 2023</p>	<p>The Head of Technology Transformation 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</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>relevant license evidence at the point of acquisition should be introduced.</p> <p>b) The process to be followed when entering /amending data regarding applications in the register is documented. This should include detail on which fields must be completed and the extent of evidence that should be retained and were, e.g., licence agreements.</p> <p>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.</p> <p>d) Software licence agreements are in place, securely maintained and available for inspection when required for both the Council and STS.</p> <p><b>Medium</b></p>	<p><del>September 2023</del> February 2024</p>	<p>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. We were advised of a revised due date of February 2024, to allow for completion of applications works.</p>
<p>a) Management should develop a set of performance measurement metrics in relation to software licence management to ensure compliance with the terms and conditions of the licences, including:</p> <ul style="list-style-type: none"> <li>• Renewal due dates</li> <li>• licenses exceeded and</li> <li>• under-utilisation of licences</li> </ul> <p>b) Licence information should be regularly monitored and scrutinised to plan for demand for the ICT Service’s resources and to ensure that licence conditions are complied with.</p> <p>c) Additional consideration should be given to assigning a dedicated role/resource for the co-ordination of software application contract renewals and licence monitoring, promoting liaison between the business and ICT, and enabling more efficient monitoring of software licensing activities.</p> <p><b>Medium</b></p>	<p>Head of Applications</p> <p><del>September 2023</del> March 2024</p>	<p>The Head of Technology Transformation advised that the Fujitsu contract has now been signed, in preparation for delivery, including KPIs.</p> <p>We will follow up the other sections of this recommendation at the year end.</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>Options for implementing automated software licensing monitoring software should be considered to reduce reliance on manually updated spreadsheets.</p> <p><b>Medium</b></p>	<p>Head of Applications  <del>July 2023</del>  <del>September 2023</del>  <del>December 2023</del>  March 2024</p>	<p>The Head of Technology Transformation advised that software licencing with be managed with the new App Score software from March 2024</p>
<b>2022-23 Accounts Payable</b>		
<p>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.</p> <p><b>High</b></p>	<p>Head of Financial Control and Processing <del>31 July 2023</del>  <del>31 August 2023</del>  <del>1 December 2023</del>  April 2024</p>	<p>1.1 The Head of Financial Control and Processing advised that the new user form has not been rolled out as expected due to stakeholder feedback. Configuration changes are still being made and it is now proposed that it is rolled out from 1<sup>st</sup> April 2024.</p>
<p>2.5 After quarterly reports are shared, there is no follow up to ensure exceptions have been resolved to prevent POs being raised after invoices are received; reports are run only to flag exceptions and non-compliant departments. The FC&amp;P team should follow up to check that exceptions have been resolved after these have been flagged. The FC&amp;P team should check for quarter-on-quarter performance/improvements; repeat offenders in the quarterly reports should be followed up so that root causes can be identified, and support (such as training) provided as needed.</p> <p><b>Medium</b></p>	<p>Head of Financial Control and Processing  <del>Sept/Oct 2023</del>  April 2024</p>	<p>2.5 - We were advised by the Head of Financial Control and Processing that the Q3 reports are prepared to be issued and will be provided in early February.</p>
<p>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 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</p>	<p>Head of Financial Control and Processing <del>30 June 2023</del>  <del>September 2023</del>  <del>February 2024</del>  March 2024</p>	<p>The Head of Financial Control and Processing informed that the mid - year report was delayed due to resource issues within the service, however quarterly reports have continued to be issued. A year-end report on performance will be produced for the director of finance in March 2024, regarding departmental performance over the year and a reminder will be sent by the head of service as part of the closing timetable.</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>FC&amp;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.</p> <p>3.2 Repeat offenders in the quarterly reports should be followed up so that root causes can be identified, and support provided as needed.</p> <p>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.</p> <p><b>Medium</b></p>		
<b>2022-23 Pensions Administration</b>		
<p>The Council should carry out periodic reconciliations of user accounts between Citrix and UPM to ensure that any disabled accounts on Citrix have been removed from UPM.</p> <p><b>Medium</b></p>	<p>Data Systems Manager  <del>June 2023</del>  <del>By 31 October 2023</del>  To be followed up in March 2024</p>	<p>The Pensions Manager confirmed that the Data/Systems team are still in the process of recruiting to fill a number of vacant data team positions. This has impacted delivery of the action, however a Data Management/Security Strategy is currently going through approval. The action date has been revised to March 2024.</p>
<p>The Council should introduce a process of periodically checking the UPM system for discrepancies such as invalid NI numbers, duplicate employees and checking for instances of bank details being the same for the same/different people.</p> <p><b>Medium</b></p>	<p>Data Systems Manager  <del>By 31 October 2023</del>  To be followed up in March 2024</p>	<p>The Pensions Manager advised previously that this action was on track to be completed by 31 October 2023. UPM reports will be run monthly as part of the monthly data upload to Employer Hub. We will review evidence of the new process at the year end.</p>
<b>2022-23 Housing Rents</b>		
<p>1.1 The Operations Manager Income (Council Tax) and the Former Tenant Arrears team should carry out a review of all pending former tenant arrears cases to ensure that these are being actioned (i.e., there should be no cases unactioned on the system for over three months, and actions should be reviewed to determine whether they are appropriate).</p> <p>1.3 In addition to the proposed report of aged debt cases, the Operations Manager should design an indicative recovery timetable to provide officers with guidelines (as all cases are unique) and key performance indicators to work towards.</p>	<p>1.1 Operations Manager Income (StepByStep)  <del>September 2023</del>  January 2024  March 2024</p> <p>1.3 Operations Manager Income (StepByStep)  <del>October 2023</del>  February 2024</p>	<p>The Operations Manager advised that the revised delivery date for these three actions should be updated to March 2024, due to their contingency on action 1.1.</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>1.5 The proposed timetable for write offs should include guidelines on the length of time cases should be left on hold (after the former tenant deceased, for example) before being allocated to an officer, to mitigate the risk that the case is overlooked for an extended period.</p> <p><b>Medium</b></p>	<p>March 2024</p> <p>1.5 Operations Manager Income (StepByStep)</p> <p><del>July 2023</del></p> <p><del>December 2023</del></p> <p>March 2024</p>	
<p>2.1 The missing tenancy agreements should be located, or terms and conditions should be re-agreed, signed, and stored electronically.</p> <p>2.2 A review should be completed to confirm that signed agreements are saved on file for other tenants.</p> <p>2.3 Tenancy accounts on Northgate should be created, and payment allocated, before the start of the tenancy. The Council should introduce annual spot checks to ensure that this is the case.</p> <p><b>Medium</b></p>	<p>2.1 - Implemented at time of report</p> <p>2.2 and 2.3</p> <p>Resident Services Manager</p> <p><del>July 2023</del></p> <p><del>October 2023</del></p> <p>To be followed up in March 2024</p>	<p>We were advised by the Operations Manager that checks carried out with Rents in August 2023 found several tenancy agreements had not been uploaded to EDMS in a timely manner. This has been brought to the attention of Resident services for the next review in October 2023. We received no response to our request for an update in January 2024, therefore this action will be followed up alongside the above recommendations 1.1 and 1.2, in March 2024.</p>
<b>2022-23 Capital Expenditure Management - General Fund</b>		
<p>1.1 The operational policies and procedural guidelines for capital expenditure management should be reviewed for comprehensiveness, informed by consideration of how best to prioritise a challenging capital programme, re-launched, and maintained up to date on the Council intranet.</p> <p>1.2 Clear quality monitoring and review protocols should be developed for the corporate finance team in line with the refreshed, re-launched operational policies and procedural guidelines to enhance focus on the quality and consistency of key capital expenditure evidence backing the Month 4 and Month 8 capital monitoring reports.</p> <p>1.3 The key schemes that must be delivered in accordance with available resources across directorates should be subject to quality review on a cyclical basis.</p> <p><b>Medium</b></p>	<p>Chief Accountant</p> <p><del>January 2024</del></p> <p>April 2024</p>	<p>We were advised by the Chief Accountant that, due to the demands of the external audits currently in progress at the Council, the implementation date will be put back to April 2024.</p>







Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>2.1 A standard structured process and mandatory proforma should be in place for the assignment of schemes and projects to portfolio holders and project managers or partnership arrangements (as appropriate), and to confirm that they have appropriate professional disciplines including finance, legal and property.</p> <p>2.2 The proforma should state that there is a requirement for continuous professional development (CPD) and project officers to attend relevant training courses to keep abreast of relevant new legislative and regulatory developments and skills.</p> <p><b>Medium</b></p>	<p>Chief Accountant <del>January 2024</del> April 2024</p>	<p>We were advised by the Chief Accountant that, due to the demands of the external audits currently in progress at the Council, the implementation date will be put back to April 2024.</p>
<p>3.1 Before submitting a report to Cabinet, there should be a procedure in place for an initial agreement to proceed based on a scheme and estimate, including project plan, progress targets and associated revenue expenditure budget prepared for each Capital project. The initial agreement to proceed should be documented by the relevant Executive Director or Director of Finance.</p> <p><b>Medium</b></p>	<p>Chief Accountant <del>January 2024</del> April 2024</p>	<p>We were advised by the Chief Accountant that, due to the demands of the external audits currently in progress at the Council, the implementation date will be put back to April 2024.</p>
<b>Housing Directorate</b>		
<b>2021-22 Cooper Close TMO</b>		
<p>With reference to the finance and procurement rules, the TMO should review current suppliers and consider whether each continues to provide value for money. Alternative quotes should be obtained in line with the procurement procedures unless a long-term contract is in place.</p> <p><b>Medium</b></p>	<p>Treasurer <del>January 2022</del> <del>30 November 2023</del> 31 March 2024</p>	<p>We were advised that the TMO manager was on leave until 8 January 2024, therefore no further update was able to be provided by the deadline of 10 January 2024. The Housing Projects and Performance Manager provided a revised due date for the action.</p>
<p>The TMO should review the Management Committee terms of reference annually to ensure they are up to date.</p> <p><b>Medium</b></p>	<p>Chair <del>April 2022</del> <del>July 2022</del> <del>30 November 2023</del> 31 March 2024</p>	<p>As above, we were advised that the TMO manager was on leave until 8 January 2024, therefore no further update was able to be provided by the deadline of 10 January 2024. The Housing Projects and Performance Manager provided a revised due date for the action.</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p><b>2022-23 Brenchley Gardens TMO</b></p> <p>The TMO should ensure that all existing properties and newly let properties are subject to an annual gas servicing check which is completed by a Gas Safe registered engineer and the certificate is retained. Further, a central compliance gas servicing log should be created and updated once properties have had a gas service check to ensure that those which are due can be easily identified.</p> <p><b>High</b></p>	<p>Estate Manager <del>December 2023</del> 31 March 2024</p>	<p>The Housing Projects and Performance Manager advised that the Council has temporarily taken over direct management of all landlord services at Brenchley Gardens and the TMO office has been closed from the 14<sup>th</sup> of September 2023. The Council is conducting a tenancy audit exercise in response to the audit findings. The tenancies will be migrated to the Council's housing management software (Northgate) which will give the council greater scrutiny of the allocation and management of council homes. The tenancy audit exercise will help inform the next steps.</p>
<p>The TMO should ensure that budget monitoring reports are produced each month, including the use of reserve and surplus fund, and should be shared at the monthly Management Committee meetings and ensure that all discussions including approval of the annual budget and reasons for variations are adequately documented.</p> <p><b>High</b></p>	<p>Estate Manager <del>November 2023</del> 31 March 2024</p>	<p><i>See manager comments above.</i></p>
<p>The TMO should ensure that all works order and invoices are raised approved and retained in an organised manner to ensure the procurement process is in line with the Councils requirements and MMA between the TMO and the Council.</p> <p>The TMO should also review the systems for maintaining records relating to the procurement activity and consider automating the process where possible.</p> <p><b>High</b></p>	<p>Estate Manager/Housing Assistant <del>December 2023</del> 31 March 2024</p>	<p><i>See manager comments above.</i></p>
<p>The TMO should implement a central repairs log which lists all repairs across the properties at Brenchley Gardens. The log should include the results of any quality checks completed and if any follow up action was identified.</p> <p>A works order should be raised for all repairs which is authorised in line with the MMA between the Council and the TMO and linked to the procurement of the works if not under an ongoing contract.</p> <p><b>High</b></p>	<p>Estate Manager/Housing Assistant <del>January 2024</del> 31 March 2024</p>	<p><i>See manager comments above.</i></p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>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.</p> <p><b>High</b></p>	<p>Estate Manager/Housing Assistant  <del>June/July 2023</del>  <del>30 November 2023</del>  31 March 2024</p>	<p><i>See manager comments above.</i></p>
<p>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.</p> <p><b>High</b></p>	<p>HR Provider - City Interim/ Estate Manager  <del>June 2023</del>  <del>30 November 2023</del>  31 March 2024</p>	<p><i>See manager comments above.</i></p>
<p>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 paid by. Where payment cannot be made, an action plan should be produced to reduce the arrears.</p> <p>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.</p> <p><b>High</b></p>	<p>Estate Manager/ Accountant  Arrears Management - <del>July 2023</del>  <del>30 November 2023</del>  31 March 2024  New System - <del>Jan 2024</del>  31 March 2024</p>	<p><i>See manager comments above.</i></p>
<p>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.</p> <p><b>Medium</b></p>	<p>BGMA Chair/ Secretary  <del>May 2023</del>  <del>30 November 2023</del>  31 March 2024</p>	<p><i>See manager comments above.</i></p>

# APPENDIX 1

## OPINION SIGNIFICANCE DEFINITION

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

**FOR MORE INFORMATION:**

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