



# **INTERNAL AUDIT AND ANTI-FRAUD PROGRESS REPORT**

**London Borough of Southwark**

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

*10 June 2020*



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# 1. SUMMARY OF INTERNAL AUDIT WORK

## Internal Audit

This report informs the Audit, Governance and Standards Committee of progress made against the 2019-20 internal audit plan. It summarises the work we have undertaken, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards.

The internal audit plan for 2020-21 is currently on hold due to the Covid-19 pandemic and the Council's reprioritisation of activities and redeployment of staff. We are in discussions with the Strategic Director of Finance as to when the audit plan can be resumed and assurance and review work to support the Council can continue. It is likely that the internal audit plan will need to be revisited to ensure that internal audit focusses upon new and emerging risks from Covid-19.

## Internal audit methodology

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

## Internal Audit Plan 2019-20

As a result of Covid-19 and associated changing priorities, the Council has not been able to provide the information to allow us to complete our work in respect of some audits. The status of the audits that have been commenced to date are summarised in section 3 of this report. We are working with the Council to complete this work at the earliest opportunity.

Where audit reports have been finalised, the executive summaries are included in section 4 of this report.

## Follow up

As part of finalising each audit report, we agree with management the actions that will be taken in response to each finding and recommendation. Within their response, management include the date by which the actions will be completed. Internal audit routinely follows up all high and medium recommendations made, in the month after the implementation date agreed by management.

## 2. ANTI-FRAUD UPDATE

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

### Summary of investigations 2019-20 to date

The figures below represent the team's investigations since 1 April 2019.

2019-20	Corporate Anti- Fraud		Housing Waiting List		Right to Buy	
	Open	Closed	Open	Closed	Open	Closed
C/f 2018/19	6		3		1	
April	19	13	16	15	2	3
May	9	8	4	3	3	0
June	4	5	6	3	1	4
July	4	3	5	5	1	2
August	3	3	8	8	3	0
Sept	1	1	2	2	5	3
October	0	1	8	6	1	2
November	1	2	1	2	3	1
December	0	3	2	3	6	7
January	2	4	2	6	1	2
February	2	2	4	1	5	5
March	27	24	1	5	3	7
<b>Total</b>	<b>78</b>	<b>69</b>	<b>62</b>	<b>59</b>	<b>35</b>	<b>36</b>

### Active investigations

There are currently 15 active investigations being conducted by the Internal Audit & Counter Fraud Team. These can be summarised as follows:

- Children & Adult Services - 7 cases
- Finance & Governance - 3 cases
- Housing & Modernisation - 5 cases

Of these, three cases relate to former Council employees and one case relates to a current Council employee. No further information in respect of these investigations can be given at this time.

The COVID -19 pandemic and associated lockdown has limited the team's ability to progress some cases and conduct interviews in accordance with the Police and Criminal Evidence Act.

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The team is currently supporting Exchequer Services COVID-19 grant payments by conducting post assurance checks and data matching exercises.

- COVID-19 Grant Payments - 6 cases

The team has contributed, with other departments, to processing data matches (currently 5199) for the National Fraud Initiative 2018/19 exercise. The exercise closes in September 2020.

### **Recruitment**

A Grade 9 Fraud Verification Officer has been successfully recruited and commenced employment on 17th February 2020.

A Grade 6 Fraud Trainee has also been successfully recruited and commenced employment on 4th March 2020

Both new members of staff have settled in well, especially in light of the testing conditions caused by the current Covid 19 Pandemic.

### **Pro-active investigations**

Once the current situation eases and the two new members have fully settled in, the Internal Audit & Counter Fraud Team will commence planned pro-active work on a number of areas within the Council's operations which are considered to be higher risk i.e. more likely to be subject to fraudulent activity.

The areas will be identified via ongoing regular discussions with BDO Internal Audit and Risk Champions at the Council.

### **Update of Fraud Response Policy**

BDO remain in consultation with the Anti-Fraud and Internal Audit Service to complete re-drafting and updating of the Council's Fraud Response Plan. This will set out in detail the Council's approach to identifying and dealing with potential fraud, the responsibilities of staff and the public in reporting suspicions of fraud, the approach the Council is committed to in investigating allegations of fraud, and the possible sanctions open to the Council when fraud is proven to have taken place.

Once completed it is currently envisaged this will be available to all staff and members of the public.

In addition, the key points of the Plan will form part of updated intranet source material and also be used as part of updated and revised internal training.

Progress has of course been delayed by the current situation.

### **Anti-Fraud Process Map**

BDO has worked with the Anti-Fraud and Internal Audit Service to develop a detailed Anti - Fraud Process Map, to provide guidance to relevant staff to enable them to more efficiently identify potential fraud, investigate where appropriate, form appropriate conclusions and decide upon suitable sanctions.

This has been successfully trialled and has been issued to Strategic Directors for their comments and input. Once these have been received and any changes processed, the Map will form the basis by which staff can determine how to deal with any suspicions of fraud.

### 3. REVIEW OF WORK 2019-20 WORK

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Troubled Families Grant	Director of Children's Services	20	Letter of Engagement agreed. A schedule of monthly audits is undertaken, on a sample of 10% of claims to be submitted			April 2019 to March 2020 completed. One exception was identified.	
Home Ownership - Garages	Director of Exchequer services	15	✓	✓	✓ Final report	Moderate	Limited
Major Works	Director of Asset Management	15	✓	✓	✓ Final report	Substantial	Substantial
Play Service	Director of Environment	15	✓	✓	✓ Final report	Moderate	Moderate
Barristers Framework	Director of Law and Democracy	10	✓	✓	✓ Final report	Moderate	Moderate
Blue Badges and Freedom Passes	Director of Customer Experience	15	✓	✓	✓ Final report	Substantial	Moderate
Cleaner, Greener, Safer Programme	Director of Environment	15	✓	✓	✓ Final report	Moderate	Substantial
Client Services	Director of Exchequer Services	15	✓	✓	✓ Final report	Moderate	Substantial
Direct Debits	Strategic Director Finance and Governance	10	✓	✓	✓ Final report	Moderate	Limited
Home Ownership - Mortgages	Director of Exchequer Services	10	✓	✓	✓ Final report	Moderate	Moderate

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Housing Solutions - Homelessness	Director of customer experience	20	✓	✓	✓ Final report	Moderate	Limited
Leathermarket CBS Grant	Director of communities	10	✓	✓	✓ Final report	Substantial	Moderate
No Recourse to Public Funds	Director of Communities	15	✓	✓	✓ Final report	Moderate	Limited
Volunteer Management	Director of Environment / Director of Leisure	15	✓	✓	✓ Final report	Moderate	Moderate
Materials	Director of environment	10	✓	✓	✓ Final report	Substantial	Moderate
Community Equipment	Director of Commissioning	15	✓	✓	✓ Final report	Substantial	Moderate
Mosaic Operational and Payments Review	Directors of Adult Social Care and Children's Social Care	15	✓	✓	✓ Final report	Substantial	Moderate
Planning applications - S106 Agreements	Director of Planning	15	✓	✓	✓ Final report	Moderate	Moderate
Enforcement	Director of environment	15	✓	✓	✓ Draft report issued 29/01/20		
Mental Health Services	Director of adult social care	15	✓	✓	✓ Draft report issued 27/02/20		
NNDR	Director of Exchequer Services	10	✓	✓	✓ Draft report issued 12/03/20		

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Council Tax	Director of Exchequer Services	20	✓	✓	✓ Draft report issued 13/03/20		
Payments to Children and Families	Director of Children's Social Care	22	✓	✓	✓ Revised draft report issued 26/03/20		
IT - Website Security and Maintenance	Director of Modernise	20	✓	✓	✓ Draft report issued 31/03/20		
IT - Shared ICT Service	Director of Modernise	20	✓	✓	✓ Draft report issued 29/04/20		
Appointeeships	Director of Adult Social Care	15	✓	✓	✓ Draft report issued 30/04/20		
Housing Benefits	Director of Exchequer Services	10	✓	✓	✓ Draft report issued 20/05/20		
Payroll and HR	Directors of Exchequer Services and Modernise	25	✓	✓	✓ Interim report issued 26/05/20		
Records Management	Strategic Director Finance and Governance	25	✓	✓	✓ Draft report issued 26/05/20		



Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Tenancy Management Organisations - Fair Community Housing Services	Director of Communities	25	✓	✓	✓ Draft report issued 26/05/20		
Tenancy Management Organisations - Falcon Point	Director of Communities	25	✓	✓	✓ Draft report issued 26/05/20		
Tree Management	Strategic Director of Environment and Leisure	20	✓	✓	✓ Draft report issued 26/05/20		
Accounts Payable	Director of Exchequer Services	10	✓	✓	✓ Draft report issued 28/05/20		
Data and Information Management	Strategic Directors of Childrens & Adult Services and Environment & Leisure	25	✓	✓	✓ Draft report issued 28/05/20		
Building Control	Director of Planning	15	✓	✓	✓ Reporting		
Housing Rents	Director of Exchequer Services	10	✓	✓	✓ Reporting		
Pest Control	Director of Environment	15	✓	✓	✓ Reporting		
Public health - free healthy school meals (advisory)	Strategic Director place and wellbeing	20	✓	✓	✓ Reporting		
Accounts Receivable / Debt Management	Director of Exchequer Services	10	✓	✓			

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Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Foster Carers	Director of Children's Social Care	15	✓	✓			
IT - Cloud Strategy	Director of Modernise	20	✓	✓			
Parks	Director of Leisure	15	✓	✓			
Pensions Administration (Schools)	Director of Education Children's Services	15	✓	✓			
Suspense Account Management	Director of Exchequer Services	10	✓	✓			
Supported Accommodation - Family Hostels	Director of Resident Services	15	✓	✓			
Voids	Director of Resident Services	15	✓	✓			

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

EL41 <b>MATERIALS</b> February 2020		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS		
		Design	Operational effectiveness	High	Medium	Low
		Substantial	Moderate		-	3
Purpose of audit	To focus on procurement of materials by the department, tendering approaches and resulting contractual arrangements.					
<p><b>Background:</b>            In June 2019, the strategic director of environment approved the contract award for the purchase of materials for Southwark Building Services (SBS) through the existing Pretium framework agreement with Travis Perkins Managed Services (TPMS). This contract has an estimated cost of £1.5m for a one year period from 10 June 2019 to 9 June 2020. The SBS stores hold approximately 1,200 lines of frequently used materials, plant and uniform with a value of £400k. However, non-stock items also need to be procured, and bespoke items where holding stock is uneconomic. The initial contract was procured through the Pretium framework for one year, again with an estimated cost of £1.5m. This contract expired on 31 July 2018 however the Council continued to use TPMS to procure materials despite the fact no formal contract was in place. It is worth noting that the Pretium framework runs until December 2020 and TPMS is the sole provider. Since joining the framework there have been a number of benefits, including reducing the number of invoices received by using a consolidated invoice. Efficiencies were achieved by reducing the marginal materials cost from 21.96% to 19.79% of SBS turnover. The contract is assessed against seven key performance indicators. The gateway two document signed in June 2019 confirmed that it will also be monitored how the contractor is performing in relation to e London living wage, apprenticeships and work experience slots. The contract is managed through weekly local liaison meetings, monthly operation meetings and quarterly core group meetings.</p> <p><b>Good practice:</b></p> <ul style="list-style-type: none"> <li>• Monthly reporting on KPIs is evidenced as completed on a timely basis.</li> <li>• Quarterly monitoring meetings are held which are minuted, and agreed actions noted and tracked.</li> <li>• Marginal material costs are reported on monthly and reviewed at the quarterly monitoring meetings.</li> <li>• Weekly and larger invoicing is completed to save time over issuing smaller more frequent invoices.</li> </ul> <p><b>Key findings:</b></p> <ul style="list-style-type: none"> <li>• A signed version of the contract was not held in a central location, for example a shared network drive accessible by key staff.</li> <li>• London living wage, apprenticeships, work experience and social value monitoring is not monitored and reported on.</li> </ul>						

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**Conclusion:**

Due to processes being in place to report on KPIs on a monthly basis, meetings taking place on a quarterly basis, and efficient weekly invoicing we have concluded substantial assurance over the effectiveness of the controls in place. Due to the signed contract not being held centrally and the social value monitoring not being reported on we have concluded moderate assurance over the effectiveness of the controls in place.

**Looking forward: supporting the Council's journey from moderate to substantial assurance**

Effectiveness	<ul style="list-style-type: none"><li>• Locate a signed version of the contract and store it in a shared drive. If this is not possible then a copy of the contract should be signed by both parties and held in a central location, for example a shared network drive accessible by key staff.</li><li>• The contractor should complete monthly reporting on social value elements, which is then monitored at the quarterly contract meetings.</li></ul>
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**Follow up**

We will complete the follow up of the recommendations in June 2020, in accordance with the Council's implementation dates.

CAS11 <b>COMMUNITY EQUIPMENT</b> May 2020		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Substantial	Moderate	Medium	1
				Low	1
Purpose of audit	To review the controls in relation to the allocation of equipment, record keeping, equipment maintenance and the appropriateness of the split of funding between the Council and the NHS Southwark Clinical Commissioning Group (CCG).	Added value	We reviewed the payment process between the Council and Medequip. On a monthly basis Medequip provides a breakdown of the preceding months spend and an invoice. The breakdown is a very detailed data extract of the activity and stock fulfilment that Medequip has completed. The invoice breaks down the different areas of spend including equipment delivery, special equipment delivery and collection refunds. From our review of the data extract, the terminology included in the invoice does not match any of the columns and data. It also does not include confirmation of the number of collections received and how the collections refund has been calculated, however we were advised that this is 90% of the original order value. We raised an observation in relation to this point.		
<p><b>Background:</b></p> <p>The Council has an integrated health and social care community equipment service (ICES). The service provides a range of equipment from simple aids for daily living to more complex pieces of equipment enabling people to stay in their home environment. Assistive technologies, e.g. telecare, are also available. To facilitate, the Council has partnered with Medequip, a specialist equipment provider, and is currently in the second year of a five year contract. The budget is approximately £2M per year jointly funded with the CCG. The legal basis for the funding is set out in a S.75 Agreement between the Council and CCG. Community equipment can be prescribed by hospitals, for patients upon discharge, and by a range of other health and social care staff including nurses and occupational therapists, following an assessment, and is a free service for the residents of the Borough. There are approximately 300 CCG and Council staff with authority to prescribe equipment, and a prescribed approval process.</p> <p><b>Good practice:</b></p> <ul style="list-style-type: none"> <li>• A signed s.75 agreement is in place with the CCG</li> <li>• A process map is in place detailing the correct procedure to follow</li> <li>• A framework agreement is being utilised, and is signed by both parties</li> <li>• Monthly reporting, including reviewing, monitoring and taking appropriate action, is being completed of spend and items ordered for trend analysis.</li> <li>• A process is in place to identify customer complaints and these are either logged by staff on the portal and investigated by Medequip or are managed through the Council's internal complaints procedure.</li> <li>• KPIs are in place and are reported on through completion of a dashboard tile process which applies a red, amber, or green rating to the KPIs to confirm whether the contractor is meeting their targets.</li> </ul>					

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**Key findings:**

- For two items out of 20 tested it was not possible from the Mosaic system to verify that they had been ordered as a result of an assessment.

**Conclusion:**

Overall, there is a strong set of processes that have been designed to be used by the service when prescribing community equipment. This is supported by process maps and signed agreements in place. Therefore, we have concluded an opinion of substantial assurance over the design of the control framework. Due to items not being delivered in a timely manner, and it not being clear on the rationale behind two items being ordered, we have concluded moderate assurance over the effectiveness of the controls in place.

**Looking forward: supporting the Council's journey from moderate to substantial assurance**

Effectiveness

- Assessments should be recorded on Mosaic and delivered in a timely manner.

**Follow up**

No further work required - we have already seen evidence to support the implementation of the recommendations.

CAS63 MOSAIC OPERATIONAL AUDIT / PAYMENTS May 2020		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	1
		Substantial	Moderate	Medium	1
				Low	-
Purpose of audit	To provide assurance over the arrangements for recording, approving and processing social care packages within Mosaic, such that only valid and accurate amounts are generated for processing and payment.	Added value	A reconciliation exercise was undertaken between a list of all Council's active staff and a list of the mental health team with access to Mosaic system, to ensure they were all current and have access levels commensurate with their role. The exercise identified that the access levels were appropriate to the role they were designated to. However, our testing confirmed that four individuals with access to Mosaic, had left the Council but their access was still active.		
<p><b>Background:</b></p> <p>Mosaic is the Council's care database, and the majority of invoices received by the Council for care packages are processed for payment via SAP through interfaces. Care plans are authorised initially through consideration by the appropriate panel or delegated officer. The details are loaded on to Mosaic including the amount and payment cycle (e.g. weekly or monthly). On Mosaic, the care plans are authorised by electronic workflow and a payment cycle commences at the next appropriate date. Mosaic will automatically pick up a payment based on the payment cycle and produce an interface file which is sent to the SAP team to be processed via SAP. The financial control and processing team perform a basic reconciliation of the number of records and amount and run the interface through SAP to generate the payments. Invoices from providers are received by the appropriate finance team and details loaded on to Mosaic against the relevant case. New or amended vendors are dealt with by the SAP Helpdesk which is based in the Council. This is an annual audit, as Mosaic is a key system that drives social care payments made by the Council.</p> <p><b>Good practice:</b></p> <ul style="list-style-type: none"> <li>The Council has comprehensive documented policies and procedures that set out staff's roles and responsibilities, which were appropriately approved. There is a set of local procedures and guidance, for social worker teams and the finance teams providing step by step guidance on the processing and preparation of Mosaic payments.</li> <li>We confirmed that the learning disabilities policies and procedures are designed to ensure compliance with relevant legislation including the Care Act 2014, the Care and Support statutory guidance &amp; regulations 2018 and the Mental Health Act 1983.</li> <li>Interface files from the Mosaic system to the SAP system have several in built checks to reject mistakes and incorrect payments.</li> <li>A monthly reconciliation is undertaken on the interface control report in a timely manner with any variances appropriately investigated.</li> <li>Sufficient checks are undertaken to confirm the validity of data in the Mosaic interface before payments are made via SAP. Sample testing confirmed that all the payments were appropriately processed with sufficient checks taken and segregation of duties in operations.</li> </ul>					

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**Key findings:**

- No routine systems access review has been undertaken to ensure that the account for any staff leaving Southwark Council has been deactivated in timely manner. The testing of 44 Council staff, confirmed that in four cases, staff had left the Council, however their accounts have not been deactivated.
- Our review of the workflow report highlighted several inconsistencies in the sampled client records including incomplete workflows, with several stages and worksteps (as stated in Mosaic guidance) of the workflow missing information or incomplete such as workflow approvals, service start and end dates, workflow task ID's, previous steps, task status. Our testing identified 18 out of 25 client records had workflow approvals missing and three out of 25 client records had no workflow information available at all in the report.
- Our sample testing identified a number of exceptions, where required documents were not available on Mosaic, including care support plans (three out of 25) and funding request and authorisation of panel assessments or manager's approvals for care packages (eleven out of 25).
- Our testing identified in four out of 25 cases that financial assessments had not been annually reviewed as required.

**Conclusion:**

Overall, the control framework in place was well documented and would reasonably manage the identified risks; in particular, controls around the payment of Mosaic files through SAP, setting up of clients on the Mosaic system, payment reconciliation between Mosaic and SAP, are well designed and operating in practice. However, as reported in the 2018/19 audit, there continues to be compliance issues within the service, including delays in reviewing plans, actioning outcomes of assessments and a lack of evidence in some cases to support the decisions made and funding awarded. This was particularly evident in the documentation held within Mosaic in which a number of exceptions were identified.

**Looking forward: supporting the Council's journey from moderate to substantial assurance**

Effectiveness	<ul style="list-style-type: none"><li>• All documentation relating to the costs associated with each client should be completed, saved centrally and signed off within Mosaic.</li><li>• Staff should be reminded of these requirements and further training provided if necessary.</li><li>• Mosaic Systems and Support team should take a proactive approach in analysing all the cases processed within the month, to highlight the incomplete records and inform relevant managers to ensure compliance and full utilisation of the Mosaic System.</li></ul>
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**Follow up**

We will complete the follow up of the recommendations in October 2020, in accordance with the Council's implementation dates.



PW03 PLANNING APPLICATIONS AND S106 AGREEMENTS June 2020		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Moderate	Moderate	Medium	3
				Low	-
Purpose of audit	To review compliance with Planning Regulations, including a customer focus (how easy is the current application process to use), and monitoring of S106 agreements for financial and non-financial commitments from developers.				
<p><b>Background:</b></p> <p>Planning Policy is supported by legislation; this mainly takes the form of Acts of Parliament and Statutory Instruments. Planning authorities appoint planning officers to assist with assessing planning applications. Most minor and uncontroversial planning applications, around 90% received by most local planning authorities, will be decided through delegated decision-taking powers, which means they are dealt with by local planning authority officers. Larger and more controversial developments are decided by the Planning Committee. A Section 106 (S106) is a legal agreement or deed, signed by the council and an applicant, developer or another party. They are generally required to mitigate impacts that a development will have on its immediate locality. It sets out what financial contributions will be paid to the council and what additional, non-financial obligations they are required to meet. S106 payments are normally required to make a development acceptable in planning terms. Without these financial contributions and obligations to improve the immediate area, or offset or mitigate any impacts of the development, it would likely not be considered acceptable and not be given planning permission. Examples of financial contributions could be for archaeology, transport, public realm or open space improvements. Non-financial obligations may include areas such as a sustainable travel plan for occupiers, making use of local businesses, provision of employment and training opportunities and the provision of affordable housing. Contributions and obligations, as secured by a S106, are registered as charges with the Land Registry. They will remain as such until they have been formally discharged by the Council. The Council receives approximately 3,000 planning applications per year. The Planning Department is made up of approximately 95 staff across over 40 different specific roles, including enforcement.</p> <p><b>Good practice:</b></p> <ul style="list-style-type: none"> <li>• Planning guidance is available for reference for staff and the public on the Southwark Council Planning Policy pages, National Planning Policy Framework (NPPF) (Feb2019 Revised), Southwark Plan 2007 and the Core Strategy 2011.</li> <li>• The division makes use of electronic platforms to manage planning applications at different stages some of which are interfaced.</li> <li>• Detailed procedures on the processing of planning applications, building control notifications, planning enforcement investigations and appeals are embedded within 'Uniform', the planning application system and are available to staff.</li> <li>• A written simple-complex delegated authority document is in place.</li> <li>• The S106 and CIL Team is responsible for managing the section 106 agreement and process assisted by the Legal Services Team in the drafting of agreements.</li> <li>• The S106/CIL Officer and Planning Project Manager meet with various Council teams to discuss S106 funds availability and project proposals against funds. Planning applications and S106 funds release requests and drawdown reports must be approved by delegated planning officers and the Planning Committee.</li> </ul>					

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- The S106/CIL Officer, Planning Project Manager, Senior Planner and Trainee Accountant - Finance & Governance regularly monitor S106 funds activity on SAP and Exacom. The Trainee Accountant - Finance & Governance maintains a record of financial activity of S106 funds that is shared with the S106 and CIL Team on a weekly basis.
  - The Validation and Fast Track Team are responsible for the production of planning division monitoring reports for such targets as the 8 week and 13 week planning application determination times. Regular scheduled reports are circulated to relevant staff on a weekly basis and provide a spotlight on each part of the planning application process. A real time performance dashboard on processing timeliness and application status is embedded in Uniform and available to planning staff.
  - Corporate key performance indicators (KPIs) agreed by the Strategic Director, Chief Executive and Cabinet are set and produced by Performance Monitoring officers on a quarterly basis.

**Key findings:**

- There is limited use of Exacom for the scrutiny of charging, collection and spending of S106 funds due to delay in the completion of the Exacom project. A Microsoft Excel spreadsheet is used to monitor financial activity in the interim. The Southwark bespoke S106/CIL Officer manual for Exacom was yet to be finalised.
- Our sample testing findings relate to delays in validation and determination of planning applications, missing data on Exacom records due to Uniform-Exacom system connector bugs and Uniform system errors, a few S106 agreements were not fully signed by all parties' involved, late issue of demand notices for financial contributions and overdue debt of over 90 days.
- There is no regular reporting of performance management information on planning applications, S106 financial and non-financial obligations to senior management and Cabinet, although this is being prepared for the end of 2020. There is no central monitoring of S106 non-financial obligations at the divisional level. In addition two Planning Division performance metrics reported on a quarterly basis were yet to be agreed and to be reported.

**Conclusion:**

Overall we have concluded that there is moderate assurance over the design of controls and moderate assurance over the operational effectiveness of the controls in place. Controls were generally satisfactory but we have raised three medium level findings and we noted one observation. Our medium level findings relate to delay in the completion of the Exacom CIL&S106 monitoring system project, missing data inputs on Exacom, Uniform and Exacom system connector system bugs, missed planning application processing targets and limited regular reporting at executive and non-executive levels and overdue debt. Our observation relates to delay in the finalisation of the new Southwark Plan.

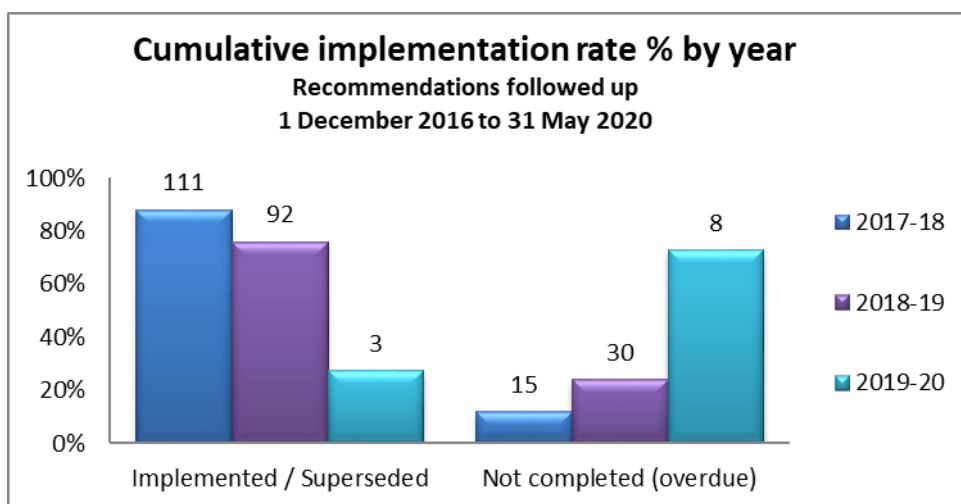
**Follow up**

We will complete the follow up of the recommendations in February 2021, in accordance with the Council's implementation dates.

## 5. SUMMARY OF RECOMMENDATIONS STATUS

The cumulative summary provided here relates to 447 high and medium recommendations followed up in the period when BDO was appointed as internal auditors to the Council on 1 December 2016 to 31 May 2020

We have confirmed with reference to evidence that 395 (88%) of the recommendations that have fallen due have been implemented or superseded.



The implementation status of each internal audit is summarised in the table overleaf. We are awaiting an update, revised implementation date or evidence in 25 cases. The Strategic Director of Finance and Governance has reminded managers of the need to respond to internal audit requests on a timely basis.

Please note:

- *The table includes only those audits previously reported to the committee where the recommendations have fallen due and have not been implemented, and have not been previously reported.*
- *Where management assurance has been provided that the recommendations have been implemented but where evidence is yet to be provided, these are classified as in progress, and stated as such.*
- *The table does not include audits that will be followed up as part of another audit during the year (for example in respect of key financial systems).*

## RECOMMENDATION IMPLEMENTATION RATES BY AUDIT

	Total High & Medium recs raised by BDO 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>Finance and Governance Department</b>									
2019-20 Home Ownership	3	-	-	-	1	2	-	0%	<del>April 2020</del> August 2020 Awaiting evidence
2019-20 Direct Debit Payments	2	-	-	-	-	1	1	0%	<del>April 2020</del> Revised date to be advised
2018-19 IR35 Control Framework	3		1	-	-	-	2	33%	<del>May 2020</del> June 2020
<b>Environment and Leisure Department</b>									
2019-20 Play Service	4	-	-	-	-	1	3	0%	<del>November 2019</del> Revised date to be advised
2018-19 Public Health - Health in all policies	3	-	-	-	-	3	-	0%	<del>April 2020</del> June 2020
<b>Children's and Adults Services Department</b>									
2018-19 Residential Placements Children in Care	4	1	2	-	1	-	-	75%	<del>November 2018</del> <del>February 2019</del> Awaiting evidence
2018-19 Mosaic	2	-	1	1	-	-	-	50%	October 2019 January 2020 June 2020
2018-19 Adult Day Care Provision	3	-	-	-	-	-	3	0%	<del>July 2019</del> <del>January 2020</del> Revised date to be advised
2018-19 Commissioning	2	-	-	-	2	-	-	0%	<del>November 2019</del> <del>February 2020</del> June 2020
<b>Environment and Leisure Department</b>									
2018-19 Markets	4	-	2	-	2	-	-	50%	<del>April 2019</del> <del>August 2019</del> <del>September 2019</del> January 2020 June 2020
2017-18 Corporate energy	2	-	-	-	2	-	-	0%	<del>December 2017</del> <del>October 2018</del> April 2020 June 2020

Housing and Modernisation Department								
2019-20 Major Works	1	-	-	-	-	1	0%	May 2020 Revised date to be advised
2019-20 No Recourse to Public Funds	3	-	-	-	-	1 2	0%	May 2020 Revised date to be advised
2019-20 Homelessness	5	-	-	-	-	2 3	0%	May 2020 Revised date to be advised
2019-20 Blue Badges and Freedom Passes	2	-	-	-	-	- 2	0%	April 2020 Revised date to be advised
2018-19 Access to Restricted areas on Housing Estates	8	3	4	1	-	- -	88%	November 2018 February 2019 May 2019 September 2019 Awaiting evidence
2018-19 Temporary accommodation	8	-	3	2	3	- -	38%	December 2018 April 2019 June 2019 April 2020 June 2020
2018-19 Housing Applications and Allocations	3	-	1	-	2	- -	33%	September 2019 January 2020 June 2020
2018-19 Repairs and Maintenance	4	-	1	-	-	- 3	25%	September 2019 January 2020 Revised date to be advised
2018-19 IT Shared Services Arrangement	3	-	-	3	-	- -	0%	October 2019 Awaiting evidence
2017-18 Network Security	8	-	2	2	4	- -	25%	December 2017 October 2018 June 2019 September 2020
2017-18 IT Disaster Recovery	5	1	1	1	2	- -	40%	April 2019 June 2019 October 2019 May 2020 June 2020
Chief Executive's Office								
2018-19 Business Continuity Planning	7	-	2	-	3	- -	40%	July 2019 October 2019 February 2020 Revised date to be advised
2017-18 Land Charges	5	-	2	1	2	- -	40%	April 2019 December 2019 June 2020

# Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
<b>Finance and Governance</b>		
<b>2019/20 - Home Ownership</b>		
<p>a) Application forms should be retained and uploaded to information@work to support the entry in the waiting list. Incomplete information if any should be queried with the applicant before adding the application to the garages waiting list.</p> <p>b) Waiting lists should be moved onto iWorld to centralise the waiting list procedure. This would minimise the risk of the waiting list being manipulated and would increase the transparency in the awarding of garages. Changes made would be reflected in an audit trail and will be identified if unauthorised. This will also ensure that priority of application as recorded in the Garage Lettings and Voids procedure</p> <p><b>Medium</b></p>	<p>Operations Manager</p> <p><del>November 2019</del></p> <p>August 2020</p>	<p><b>Not implemented</b></p> <p>Due to other commitments the development on an on-line system has not been implemented, this has been revisited but we do not yet have an implementation date. Due to the current situation the team are not letting any garages at this time and therefore there is no ongoing risk. Projected implementation date is now 1 August 2020.</p> <p>We will follow-up in August 2020 to seek an update on the implementation status.</p>
<p>a) All supporting documentation including garage tenancy agreements should be retained and uploaded onto information@work. Evidence of any discount provided to blue badge holders and tenants over the age of 70 should be retained and notes on iWorld should record why a discount has been offered.</p> <p>b) Garage let forms should record which identity documents have been checked, the date when they were checked and the name of the officer who had verified the documents.</p> <p>c) Rent per the revised fee schedule as approved by the Cabinet should reconcile with weekly rent charged per the iWorld. Any discrepancies should be identified and actioned in a timely manner.</p> <p>d) A checklist should be maintained to ensure that all documentation is centrally saved prior to commencement of the garage tenancy and periodic management checks should be undertaken to confirm that all required documentation is retained.</p> <p><b>High</b></p>	<p>Garages Manager</p> <p>September 2019</p>	<p><b>Implemented</b></p> <p>Management assurance received that this has been implemented but we are awaiting evidence to confirm this.</p>
<p>a) A formal procedure should be put in place for all former tenant accounts in arrears to recover the due debt. A timeframe for actions should be introduced for faster debt recovery. In cases where it is not feasible to recover the debt, it</p>	<p>Operations Manager</p> <p>April 2020</p>	<p><b>Not implemented</b></p> <p>Development date in October 2019 did not proceed. Implementation was postponed pending restructure although in the interim ad-hoc former tenant arrears letters have been raised to customers to maintain</p>

## Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
<p>should be written-off after appropriate checks have been carried out.</p> <p>b) All current tenant accounts in arrears should follow the garage arrears escalation procedure to ensure speedy repossession of the property and recovery of due debt.</p> <p><b>High</b></p>		<p>contact. Was due to recruit to the managers role to manage this process in April/May 2020 but this is now on hold until normal working is resumed after which time we will continue with the development. At this time we are not pursuing any debts.</p>
<b>Housing and Modernisation Department</b>		
<b>2018/19 - Access to Restricted Areas on Housing Estates</b>		
<p>a) The Council should undertake a formal tendering process in line with contract standing orders. A formal contract should be entered into.</p> <p>b) In the meantime, a service level agreement should be agreed with Callow Master Locksmiths. This should include information relating to how the patent will be stored, who has access to this, and who can request copies.</p> <p>c) Site visits should be undertaken on an intermittent basis to confirm that this has been complied with. d) Regular and routine usage reports should be requested (we would suggest quarterly as a minimum) to allow for a reconciliation against the Council's records for which keys have been copied to confirm these reconcile. This reconciliation should be undertaken by an independent officer, documented and counter signed by a reviewer.</p> <p><b>High</b></p>	<p>Acting Head of Traded Services</p> <p><del>November 2018</del></p> <p><del>February 2019</del></p> <p><del>May 2019</del></p> <p>September 2019</p>	<p><b>Partially implemented</b></p> <p>A Gateway 1 Procurement Strategy (GW1) has been prepared and signed off by the Director.</p> <p>Procedures have been developed to guide managers and operatives on the correct procedures to follow for access and entry into restricted areas including process of ownership.</p> <p>A Gateway 2 Procurement Strategy (GW2) was being prepared for sign off in September 2019.</p> <p>We followed-up in October 2019, January and May 2020 to seek an update on the implementation status. We are awaiting a response.</p>
<b>2018/19 - Temporary Accommodation</b>		
<p>Management should ensure that all staff involved in the process of collecting, checking and confirming invoices are required to update iWorld to match the data in the financial system (SAP). Reconciliation of the two systems should then happen at regular intervals to ensure that the information contained in one matches the other. Any inconsistencies should be followed up and resolved and the reasons for recurring inconsistencies should be investigated and addressed. Longer term, the two systems should be integrated and information input in one system should automatically update in the other.</p> <p><b>High</b></p>	<p>Placements Team Manager</p> <p><del>November 2018</del></p> <p><del>July 2019</del></p> <p><del>April 2020</del></p> <p>June 2020</p>	<p><b>Partially implemented</b></p> <p>The Support Team has developed an early draft sign in register policy for the Council that will be shared with partners. This clarifies under what circumstances an invoice will be processed without a sign in, deadlines, exceptions, who is responsible for each stage of the cancellation process when no response is received. A meeting was held with Housing Solutions, TA Income, and Northgate Support on 10 May 2019. Intention to reconcile Northgate data with SAP. The aim is initially to do this for TA types (e.g. nightly rate self-contained) and then possibly by provider. The current process is for all TA invoices to get checked</p>

## Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
		<p>against iWorld data before being authorised. A design improvement is to be made to reduce fraudulent activity risk in the Business Support Team by annually rotating which TA providers' invoices are assigned for checking for each BSO. At present the BSO is assigned certain providers and these are not rotated. Finance are leading on a project to reconcile the two IT systems or provide a solution to the IT integration issues.</p>
<p>a) Management should have formal agreements with landlords and agents that state the standards expected by providers of private properties. The Council is currently in the process of deciding on a suitable property procurement framework in collaboration with the legal department (discussed in finding 8). The requirement for a formal agreement can be discussed and the best course of action decided upon as part of any new procurement process. The Council then needs to determine a cost effective way of verifying the standards provided. b) Management should review the procedure for the incentive payments to landlords and ensure there is a formal policy and agreement with the providers regarding the Council's right to claw back payments. The criteria and recourse specifics for such action should be clear to landlords. Staff should also be informed to be able to implement the policy consistently. This can also form part of the current discussions regarding the procurement framework.</p> <p><b>High</b></p>	<p>Overall - Manager, Housing Solutions Support - Procurement Officers, Placement Officers; Visiting officer, Resettlement officers, Reviews officers</p> <p><del>January 2019</del> <del>July 2019</del> June 2020</p>	<p><b>Partially implemented</b></p> <p>Management has responded that they are in the process of drawing up a generic agreement, which will be formulated with all providers. This will include the standards expected to adhere to. They have met with legal on several occasions with the last meeting taking place on 10 May 2019. Further external advice is being sought. Management does not have data on the spot checks of 15% properties. They have recently updated the web inspections form to allow updating via tablet. As part of a review of the providers (Nightly paid to PSL), it has been identified that more inspections will be required. Legal services are supporting the service to establish agreements to allow the service to launch a tendering exercise. We were advised that there is no timeframe for this as the team is dependent on legal services obtaining external legal assistance.</p>
<p>A reconciliation needs to be completed on a monthly basis to reconcile the data held on iWorld and SAP for the length of stay by clients at a property and the amounts being charged to ensure the correct information is being recorded in each system.</p> <p><b>Medium</b></p>	<p>Overall - Group Services Manager, Housing Solutions Support - Project and change manager, Divisional accountant, Principal operations manager</p> <p><del>April 2019 and June 2019</del> <del>July 2019</del> <del>April 2020</del> June 2020</p>	<p><b>Partially implemented</b></p> <p>As per above, Finance are leading on this matter to attempt to reconcile the two IT systems or provide a solution to the IT integration issues.</p>



## Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
<p>a) Management should ensure that staff implement the payment controls in place, such as the daily register reconciliation with invoices received for nightly lets. There should be periodic reviews of the process by appropriately senior staff to confirm the control has been implemented consistently and a record of the review should be kept. Any instances identified where the control has not been implemented should be followed up with the staff member responsible.</p> <p>b) Management should also ensure that payment reconciliation of nightly lets are reviewed by the Business Support Manager before they are sent to finance for payment. A record of the review should be kept and senior management should periodically review the record to ensure the control is implemented. Any instances identified where the control has not been implemented should be followed up with the staff member responsible.</p> <p>c) The Business Support Manager should review the reconciliation of payments for private sector leases before they are sent to finance to ensure any unusual payments are identified and investigated. To manage the work load this control may bring about, the review can happen for amounts over a certain limit. A record of the review should be kept. The Procurement Manager should communicate any reviews they might have performed themselves to avoid duplication.</p> <p>d) Management should increase resilience of the service regarding the reconciliation of PSL payments, by ensuring that other members of staff are able to perform the reconciliation. The business support team, whose duties include the reconciliation of invoices to tenancy records, should be able to understand the process and perform the task when necessary for PSLs as well as for the nightly lets. The Procurement Assistant currently responsible should also create detailed guidance notes for the process.</p> <p>e) The reconciliation of invoices can be streamlined and made more efficient if providers are required to send their invoices on standard templates that will allow staff to quickly and easily identify the information they need. The prospect should be examined as part of the current rethinking of processes and procurement framework.</p>	<p>Business Support Manager</p> <p><del>January 2019</del></p> <p><del>July 2019</del></p> <p><del>October 2019</del></p> <p>June 2020</p>	<p><b>Partially implemented</b></p> <p>Management has responded that the restructuring within the service has halted the implementation of agreed future procedures. There is no longer a Business Support Manager within the current structure and work is under way to find a replacement. All Nightly paid cases are however recorded and this is listed on the system. This figure is monitored on a weekly basis and reported to senior management. Legal services are supporting the service to establish agreements to allow the service to launch a tendering exercise. We were advised that there is no timeframe for this as the team is dependent on legal services obtaining external legal assistance.</p>
<p><b>Medium</b></p>		

## Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
<p>a) Management should ensure that a formal decision on the exemption from using the Contract Standing Orders is approved and recorded as well as the reasons for the exemption.</p> <p>b) They should also record any discussions, decisions and reasons for the frameworks to be used instead and any other ways they ensure value for money in the procurement of properties. Their meetings with the Legal team and Corporate Procurement should provide direction and advice on what is the best course of action around this issue.</p> <p><b>Medium</b></p>	<p>Business and Procurement Manager</p> <p><del>March 2019</del></p> <p><del>July 2019</del></p> <p><del>October 2019</del></p> <p>June 2020</p>	<p><b>Partially implemented</b></p> <p>As above, Legal services are supporting the service to establish agreements to allow the service to launch a tendering exercise. We were advised that there is no timeframe for this as the team is dependent on legal services obtaining external legal assistance.</p>
<b>2018/19 - Housing Solutions - Applications and Allocations</b>		
<p>The policy and procedures should be reviewed to ensure that they are complete and up to date, including a scheme of delegation for authorisation of direct offers. Each document should include the following information on the cover:</p> <ul style="list-style-type: none"> <li>□ Date of review, version number, who was the policy approved by, list of amendments to the previous version</li> <li>□ Date of next planned review (we would recommend that policies and procedures are subject to a routine annual review).</li> </ul> <p><b>Medium</b></p>	<p>Housing Choice and Supply Manager</p> <p><del>Summer 2019</del></p> <p><del>January 2020</del></p> <p>June 2020</p>	<p><b>Partially implemented</b></p> <p>Management has responded that this is partially completed and is outstanding due to sign-off from senior management team and politicians.</p> <p>We followed-up in May 2020 and are awaiting a response.</p>
<p>a) The viewing officer should have a checklist that indicates what they need to confirm with the applicant at the viewing stage and the evidence seen to ascertain the applicant is still eligible</p> <p>b) The periodical review process for a small number of offers should be formally agreed and included in the procedures to ensure continuity of the practice</p> <p>c) File completeness and standard of documentation should be part of staff's performance review to emphasize the importance of the process.</p> <p><b>Medium</b></p>	<p>Housing Choice and Supply Manager</p> <p><del>May 2019</del></p> <p><del>January 2020</del></p> <p>June 2020</p>	<p><b>Partially implemented</b></p> <p>Management has responded that this is partially completed and is outstanding due to postponed review meetings with Lettings team. This is now scheduled for November 2019.</p> <p>The periodic review is completed informally at point of offer but not on specific random samples. We have been advised that the revised implementation date for this is December 2019.</p> <p>We followed-up in May 2020 and are awaiting a response.</p>
<b>2018/19 - IT Shared Services Arrangement - Advisory Review</b>		
<p>1. Review the decision making process regarding the improvement plan and whether there should</p>	<p>Head of Digital Services, SICT /</p>	<p>Partially Implemented</p> <p>Management has responded that the</p>

## Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
<p>be more involvement and input by Southwark's internal ICT staff to ensure decisions about the service improvement address the Council's needs and interests.</p> <p>2. Ensure that the continuous improvement plan and new approach as decided by SICTS addresses the issues and failings identified by Southwark in the services they receive from SICTS. Decisions and agreements regarding the plan should be formally documented.</p> <p>3. The Council should review the shared ICT agreement and ensure that the terms provide sufficient leverage in the event that performance does not improve”.</p> <p><b>High</b></p>	<p>Joint Management Board</p> <p>Head of Digital Services, SICT / Operational Management Board</p> <p>Head of Digital Services, SICT / Joint Management Board</p> <p><del>September 2019</del></p>	<p>Operations Management Group organised a meeting regarding continual service improvement plan and discussed all items included on the plan leading to a rationalised plan which was agreed by the authorities.</p> <p>It was agreed that they will include on their terms of reference the ongoing monitoring of the CSI plan and deliverables as part of their remit and as such updates will be provided to this group in conjunction with the regular high level updates to the joint management board.</p> <p>We are awaiting minutes of the Operations Management Group meeting to evidence this.</p>
<p>1. Ensure that the project register is completed consistently by all the owners and it provides adequate detail regarding the owners, target completion dates, metrics (at least target and achieved), progress against initial plan as well as issues and delays and actions taken to resolve these.</p> <p>2. The short, medium and long term projects and initiatives should be planned in advance and documented showing clearly what the expected outcomes and benefits will be, how these fit with the review findings and recommendations or other agreed improvement needs, the tasks or steps that will be taken to achieve them, time-scales and milestones.</p> <p><b>High</b></p>	<p>Head of Digital Services, SICT / Operational Management Board</p> <p><del>September 2019</del></p>	<p>As above</p>
<p>1. There should be a formally agreed and documented governance structure for the CSIP clearly showing how the plan will be monitored and who it will be reported to at various levels.</p> <p>2. The Council should agree the role and responsibilities of the individuals and the Boards that are part of the governance structure for the CSIP.</p> <p>3. The governance arrangements should ensure that the IT Heads of Departments for the partner Councils are kept informed about progress and their responsibilities are also formally agreed regarding the CSIP.</p> <p><b>High</b></p>	<p>Head of Digital Services, SICT / Joint Management Board</p> <p><del>September 2019</del></p>	<p>As above</p>

## Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
<b>2017/18 - Network Security</b>		
<p>All devices that are running unsupported operating systems should be upgraded to operating systems that are supported by the developer. Where it is not possible to upgrade the operating system of a device, it must be isolated from the Council's IT network and appropriate security controls should be implemented.</p> <p><b>High</b></p>	<p>Enterprise Architect - IT Shared Services</p> <p><del>July 2017</del> <del>June 2019</del> September 2020</p>	<p><b>Not implemented</b></p> <p><b>Management comment on progress</b></p> <p>This recommendation has been affected by a change freeze that was put in place until 15/01/18 due to the transition to the shared ICT service and SAP HANA. Evidence was provided of the road map to upgrades, with non-compliant servers being addressed by September 2018 for the transition to shared ICT service servers.</p> <p>This activity will continue until the completion of the Southwark datacentre migration to the new datacentre.</p> <p><b>Management update August 2019</b></p> <p>This work has been affected by the failed Data Centre (DC) move. There are currently 118 Windows 2003 servers which need to be upgraded or decommissioned. There are a number of XP desktops in use in the Council as there is no satisfactory solution on modern desktops to match the functionality. The 2003 servers will be picked up as part of the cloud migration project, Microsoft do not support 2003 in Azure so they will have to be upgraded or decommissioned.</p>
<p>Management must apply all missing operating system and firmware patches to the Council's IT estate. Where an operating system or firmware patch cannot be applied to a device the Council should implement appropriate security arrangements. Furthermore, there should be a defined and consistent procedure in place for applying operating system and firmware patches as and when they are made available.</p> <p><b>High</b></p>	<p>Enterprise Architect - IT Shared Services</p> <p><del>July 2017</del> June 2019</p>	<p><b>Recommendation addressed</b></p> <p><b>Management comment on progress</b></p> <p>A review has been undertaken to apply patches. A risk-based approach is being taken to ensure continuity of systems. Processes were explained and provided for testing and applying patches. This procedure will be put in place as part of the data migration project to ensure that shared ICT service servers run with only appropriate patches. Ongoing System Centre Config Manager (SCCM) is being used to deploy updates, windows 2003 servers which can't be patched are part of the project to upgrade during the datacentre moves.</p> <p><b>Management update August 2019</b></p> <p>Ongoing System Centre Config Manager (SCCM) is being used to deploy updates, windows 2003 servers which can't be patched are part of the project to upgrade</p>

## Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
		<p>during the datacentre moves now with the move to Azure.</p> <p>Firmware updates were not put in place as the plan was to move to the new DC's. There is a risk from applying firmware that the servers may become unresponsive.</p> <p>Ongoing program as there are new patches and firmware to apply.</p>
<p>Management should establish a complete record of the Council's firewall rules, which includes but is not limited to:</p> <ul style="list-style-type: none"> <li>• The service that the firewall rule supports, including the owner of the service</li> <li>• Whether the rule allows for inbound, outbound or both connections</li> <li>• The expected levels of traffic for the rule.</li> </ul> <p>Furthermore, a full review of the Council's internal and external firewall rules should be performed and, where necessary, insecure or redundant rules should be removed.</p> <p><b>Medium</b></p>	<p>Enterprise Architect - IT Shared Services</p> <p><del>July 2017</del></p> <p><del>June 2019</del></p> <p>September 2020</p>	<p><b>Not implemented</b></p> <p><b>Management comment on progress</b></p> <p>As part of the data centre migration, firewall rules will be reviewed and vendors will be consulted to establish the required rules for their products. The shared ICT service has elected to not copy and paste the rules across due to the risks associated. Evidence was shown of the security management policy which addresses the recommendation and will be put in place. During the move to the new datacentre new Firewall rules will be created and documented. This will allow for the removal of obsolete firewall rules as only active rules will be migrated across.</p> <p><b>Management update August 2019</b></p> <p>This work has also been affected by the failed DC move. As the services were not moved the review of rules did not take place. Funding has been sort to carry out a full review of firewall rules. During the move to Azure the firewall rules will have to be review and migrated as services are moved to Azure.</p>
<p>The anti-malware signatures for all Council IT assets should be updated with the most recent antimalware signature. Devices that cannot be updated should be isolated from the Council's IT network. Furthermore, Capita should be required to provide assurance that the devices running the Microsoft Endpoint anti-malware solution have up to date anti-malware signatures.</p> <p><b>Medium</b></p>	<p>Enterprise Architect - IT Shared Services.</p> <p><del>October 2018</del></p> <p>June 2019</p>	<p><b>In progress</b></p> <p><b>Management comment on progress</b></p> <p>A review of antivirus and anti-malware issues will be undertaken as part of the data centre migration. Evidence was provided of the antivirus procedures that will be put in place. The Symantec Anti-virus pattern files are updated on a regular basis. Symantec licenses have been extended until November 2019. With the move to the new datacentre System Centre Endpoint Protection (SCEP) will be deployed and updated. Symantec reports are now available to show coverage.</p>

## Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
		<p><b>Management update August 2019</b></p> <p>The Symantec Anti-virus pattern files are updated on a regular basis. Symantec licenses have been extended until November 2019. With the move to the Azure System Centre Endpoint Protection (SCEP) will be deployed and updated. Symantec reports are now available to show coverage. This work is ongoing as new pattern files come out daily. The Thin clients do not have any AV and it has been noted that the Citrix sessions have not had any kind of AV installed. There are options for AV on Citrix but this could impact performance and require more Citrix infrastructure in the estate to cope with the impact.</p>
<p>The Council's IT network diagram should be reviewed in order to establish whether:</p> <ul style="list-style-type: none"> <li>• Connections to external networks are secured</li> <li>• Appropriate redundancies exist within the IT network to prevent a loss of service.</li> </ul> <p>Action should be taken to address any issues with the design and configuration of the IT network.</p> <p><b>Medium</b></p>	<p>Enterprise Architect - IT Shared Services.</p> <p><del>May 2017</del> June 2019</p>	<p><b>Recommendation addressed</b></p> <p><b>Management comment on progress</b></p> <p>Work on this remains in progress, delays caused by link issues between Spring and the new datacentre have delayed moves. An audit has been carried out by Fordway of all the links in to the old datacentres. Virtual Private Network (VPN) links are secure. During the move of services which should be in the demilitarized zone (DMZ) will be placed within the DMZ in the new network infrastructure being deployed by Fordway and Axiom.</p> <p><b>Management update August 2019</b></p> <p>Further work has taken place to improve the link redundancy for Southwark with link an extra link commissioned at Tooley Street. No other network improvements are planned at this time.</p>
<p>Network activity should be baselined and proactively monitored in order to identify unusual or suspicious activity. This monitoring should include, but not be limited to:</p> <ul style="list-style-type: none"> <li>• A record of the balance of network activity and external traffic</li> <li>• A record of all open and closed ports and where these have been changed</li> <li>• A record of standard network activity for any given time, which includes known peaks.</li> </ul> <p>Furthermore, management should establish a programme to review the efficacy of the network security controls that have been</p>	<p>Enterprise Architect - IT Shared Services.</p> <p><del>October 2017</del> <del>May 2019</del> September 2020</p>	<p><b>Recommendation not implemented</b></p> <p><b>Management comment on progress</b></p> <p>When the Council transitioned from Capita, Capita retained the configuration of the System Centre Operations Manager (SCOM) monitoring system as intellectual property. As part of the data migration project, the shared ICT service will review the monitoring requirements and reconfigure SCOM to address this recommendation. This security design has now been implemented. A server plan has been provided that shows that this process is underway. As the servers are moved to the new network</p>

## Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
<p>deployed.</p> <p><b>Medium</b></p>		<p>infrastructure, the new Juniper infrastructure has some Intrusion Detection built in. This will log anomalies to the monitoring infrastructure. The monitoring solution (Splunk) is in place and being configured. The new network is scheduled for completion in early 2019 with all the servers being moved on to it as part of the moves from Spring\Cody and Tooley street.</p>
<b>2017/18 - IT Disaster Recovery</b>		
<p>A risk assessment of the Council's ICT service must be performed in order to identify:</p> <ul style="list-style-type: none"> <li>▫ The threats to the continuity of the Council's ICT services</li> <li>▫ The mitigating actions that have been put in place and the residual risk to the Council.</li> </ul> <p>A business impact assessment should be performed in order to determine the impact on the Council of the loss of its ICT services, including the financial, reputational, and regulatory impacts.</p> <p>The shared ICT service should review and revise its recovery arrangements based on the business impact and risk assessments</p> <p><b>High</b></p>	<p>Emergency Planning &amp; Resilience Manager</p> <p><del>September 2018</del></p> <p>June 2020</p>	<p><b>Not Implemented</b></p> <p>In July 2019, client had responded that the recommendations have not been implemented and it is difficult to suggest a revised implementation date due to business continuity plan for IT shared service being the responsibility of the shared service provider.</p>
<p>The Council should define the Recovery Time Objectives and Recovery Point Objectives. Based on the defined RTO and RPO, management should prioritise the recovery of the Council's critical IT services and align all continuity and recovery plans to these objectives.</p> <p>The criticality and priority of the Council's service should be reviewed on a routine basis or following a significant change.</p> <p><b>High</b></p>	<p>Emergency Planning &amp; Resilience Manager</p> <p><del>September 2018</del></p> <p>Revised date to be advised</p>	<p>As above</p>
<p>As the Shared ICT Service is now responsible for the management of Council's disaster recovery, a new IT Disaster Recovery Plan should be developed so that it is aligned to and supports the Council's recovery priorities and includes, but is not limited to:</p> <ul style="list-style-type: none"> <li>▫ The RTO and RPO for critical IT infrastructure, hardware, and systems</li> <li>▫ The recovery procedures for the Council's IT infrastructure, hardware and systems</li> </ul>	<p>Head of ICT Shared Service</p> <p><del>March 2019</del></p> <p>Revised date to be advised</p>	<p>As above</p>

## Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
<ul style="list-style-type: none"> <li>▫ The procedures for invoking the Council's IT Disaster Recovery Plan</li> <li>▫ The contact details for all key members of IT, the Council and Third Party suppliers</li> <li>▫ The location of alternate sites.</li> </ul> <p>The IT Disaster Recovery plan should be provided to the Council's Head of IT &amp; Digital Services and stored securely so that it can be accessed in the event of a disaster. The IT Disaster Recovery Plan should be updated following the completion of the migration to the shared ICT service and then reviewed on a routine basis or following a significant change.</p> <p><b>Medium</b></p>		
<p>The Shared ICT Service should establish the backup procedures to reflect the revised method of performing, transporting and storing backup media. This should include, but not be limited to:</p> <ul style="list-style-type: none"> <li>▫ Roles and responsibilities</li> <li>▫ Backup strategies</li> <li>▫ How backup files are restored</li> <li>▫ Procedures for the secure disposal of tapes</li> </ul> <p>There should be a process in place to review the procedures on a routine basis or following a significant change.</p> <p><b>Medium</b></p>	<p>Head of ICT Shared Service</p> <p><del>March 2019</del></p> <p>Revised date to be advised</p>	<p>As above</p>
<b>Children's and Adult's Services Department</b>		
<b>2018/19 - Residential Placements - Children in Care Service</b>		
<p>Evidence of the High Cost and Quality Panel's decision for each individual case should be recorded on the appropriate case notes. Management should undertake periodic quality checks to ensure that panel decisions are being recorded on the individuals' files correctly.</p> <p><b>Medium</b></p>	<p>Access to Resources - Service Manager</p> <p><del>November 2018</del></p> <p><del>February 2019</del></p> <p>July 2019</p>	<p><b>Management assurance received that the recommendations have been implemented, awaiting evidence.</b></p> <p>We are awaiting system screenshots as evidence to confirm that this recommendation has been implemented.</p>
<b>2018/19 - Mosaic Operational Audit/Payments</b>		
<p>a) All documentation relating to the costs associated with each client should be completed, saved centrally and signed off within Mosaic. Staff should be reminded of these requirements and further training provided if necessary.</p>	<p>Adult Social Care</p> <p><del>a) March 2020</del></p>	<p><b>Partially Implemented</b></p> <p>a) Management has responded that a health check was completed by Servelec (the Software Suppliers for Mosaic). The agreement was made to reconfigure the</p>



## Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
<p>b) Mosaic systems and support team should take a proactive approach rather than reactive, in analysing all the cases processed within the month, to highlight the incomplete records and inform relevant managers to ensure compliance and full utilisation of the Mosaic System.</p> <p><b>High</b></p>	<p><del>b) September 2019</del></p> <p>June 2020</p>	<p>system, once a demonstration of the best practice system configuration has been given to the service (to take place on the 22nd October 2019), which is based on feedback from System Users in other Local Authorities. The demonstration will inform the final design and business process, which is to be signed off by the business.</p> <p>b) Requests for account deactivations now come via the Hornbill Case Management system. This signposts callers to the need to reassign work before closing or amending the details of a member of staff. This issue was raised with the Performance Team, who run a yearly audit on staff leavers. The management advised that they should contact the Managers involved and inform them that work needs to be reassigned. Hiring of a Systems Trainer on the Systems Support Team, to train staff on how to reallocate cases is underway.</p> <p>We conducted a follow-up of this in June 2020 and are awaiting a response.</p>
<b>2018/19 - Commissioning</b>		
<p>Guidance should be produced and implemented outlining the requirements for effective contract monitoring, this should include the following:</p> <ul style="list-style-type: none"> <li>• Frequency of contract monitoring should be undertaken. We suggest monthly in line with best practice. If poor performance or concerns have been raised monitoring should be more frequent.</li> <li>• Performance and monitoring reports should be produced and discussed during contract review meetings.</li> <li>• Meeting minutes should be recorded and actions arising from previous meetings should be discussed at subsequent meetings. Formal action plans/logs should be implemented and updated during meetings.</li> </ul> <p>Once produced the guidance should be shared and distributed with the wider Council for example the corporate governance panel and wider distribution through the Council as deemed necessary.</p> <p>The guidance should be supported by training and development for managers. Compliance with the guidance should be monitored through the usual management review and performance</p>	<p>Assistant director, children adults and families</p> <p><del>March 2020</del></p> <p>June 2020</p>	<p><b>Not Implemented</b></p> <p>We will follow-up in June 2020 to seek an update.</p>

## Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
<p>appraisal systems of the Council.</p> <p><b>Medium</b></p>		
<p>As part of contract management files, a signed copy of the contract should be held. A review of all current arrangements should be undertaken to confirm the completeness of contract documentation, Where these are not available the Council should take appropriate steps to obtain copies of the contract from the providers or seek to put new contracts in place.</p> <p><b>Medium</b></p>	<p>Director of commissioning, children and adults</p> <p><del>October 2019</del> <del>February 2020</del> June 2020</p>	<p><b>Partially Implemented</b></p> <p>Management has responded that due to the absence of the Quality and Performance Manager, the status of the implementation will be provided in February 2020.</p> <p>We will follow-up in June 2020 to seek an update.</p>
<b>Environment and Leisure Department</b>		
<b>2018/19 - Markets</b>		
<p>a) 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. If any missing documents are identified, these should be requested prior to the permit being renewed.</p> <p>b) When undertaking walk-arounds at the markets, it should be confirmed that current pitch plates are displayed by all traders. Any non-compliance should be recorded to identify any traders consistently not displaying their pitch plates.</p> <p>c) When confirming registration with the food hygiene team, the registration number should be recorded on the application form to evidence this check has been undertaken. The expectation regarding food hygiene certificates should be clarified to ensure consistent documentation is provided by traders. This should then be requested and ensure it is retained for all relevant traders during the 2019-20 renewal process.</p> <p><b>Medium</b></p>	<p>Markets Team Leader</p> <p><del>March 2019</del> <del>August 2019</del> <del>September 2019</del> <del>January 2020</del> <del>April 2020</del> June 2020</p>	<p><b>Partially implemented</b></p> <p>Management has responded that final updates are being made this month and a phased roll out of the FGL programme is scheduled to start this month. It is planned that the renewals, registrations and pitch allocations through FGL will all be in place by April 2020.</p> <p>We will conduct a further follow-up to in June 2020.</p>
<p>a) Trading licences should record the location the trader is permitted to trade from to ensure the correct fee is paid and the trader does not unknowingly receive a discount.</p> <p>b) Invoices should only be accepted from temporary traders for the correct value for that day. If an incorrect invoice is presented, it should be explained that this can be used at a</p>	<p>Markets Team Leader</p> <p><del>February 2019</del> <del>August 2019</del> <del>September 2019</del> <del>January 2020</del> <del>April 2020</del></p>	<p>As stated above.</p>

## Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
<p>later date, however a correct paid invoice must be presented to allow trading for that day.</p> <p>c) Invoices for application and renewal should be held in traders' files, recording the purpose of the invoice clearly. Prior to renewal licences being issued, it should be confirmed that these invoices have been paid, with the officer undertaking the check signing the invoice as confirmation the payment has been received.</p> <p><b>Medium</b></p>	<p>June 2020</p>	
<b>2017/18 - Corporate Energy</b>		
<p>For each of the Council's buildings in the green building programme a performance target should be set for each key area and should be allocated to an officer who should monitor and report to senior management on performance to enable the Council to evidence how it is reducing costs and its environmental impact. The energy team should further enhance communication with departments on how the green buildings programme is progressing and how staff across the Council can play a role in achieving the Council's targets.</p> <p><b>Medium</b></p>	<p>Sustainability &amp; energy manager</p> <p><del>September 2018</del></p> <p><del>March 2020</del></p> <p>June 2020</p>	<p><b>Superseded</b></p> <p>Management has responded that in March 2019 the Council declared a Climate Emergency, stating it would do everything it could to accelerate its current carbon reduction programmes and become a carbon neutral borough by 2030. In light of this, a review of the Council's entire approach to sustainability and carbon reduction is being carried out and a new programme developed. This has superseded the current green buildings programme and placed a hold on the capital programme. It is likely that elements of these programmes will be incorporated into the revised strategies and work streams, and new governance arrangements will be introduced. It is expected that a draft carbon reduction strategy will be produced in Q3-Q4 2019.</p> <p>We will follow-up the recommendations in June 2020.</p>
<p>A formal programme and budget plan for use of the capital carbon fund should be developed to clearly show where funds have or are to be allocated. This can then be monitored along with the outcomes from the original proposal to ensure the fund was used appropriately. To support the above, the energy team should liaise with the appropriate forums to ensure Council staff are aware of the capital funding for carbon reduction and how proposals to obtain funding covering how the funding might be used.</p> <p><b>Medium</b></p>	<p>Sustainability &amp; energy manager</p> <p><del>September 2018</del></p> <p><del>March 2020</del></p> <p>June 2020</p>	<p>As Above</p>
<b>Chief Executive's Office</b>		
<b>2018/19 - Business Continuity Planning</b>		

## Recommendations in progress





Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
<p>1. We recommend that the Council sets a date for the approval of the overarching BCP. The approved version of the overarching BCP should be made accessible to staff on the intranet, and hard copies stored in accessible locations. The emergency planning team should carry out a review of information systems to establish system prioritisation with regards to business continuity.</p> <p><b>Medium</b></p>	<p>Overall - Emergency Planning &amp; Resilience Manager</p> <p><del>June 2019</del></p> <p>October 2019</p> <p>Revised date to be advised</p>	<p><b>Partially implemented</b></p> <p>Each department continues to work on developing their individual business continuity plans.</p> <p>If a critical function of a departmental is reliant on an IT application the business continuity plan should identify alternative means of delivering that service should the IT fail.</p> <p>The individual plans contain a prioritised list of departmental functions which give a description of each function and its importance together with the mitigation should the primary means of delivering the function be unavailable.</p> <p>Given the complexity of departmental structures and the comparatively new formation of the Place &amp; Wellbeing department not all departments have completed and tested their BC plans although all now have a plan in place. Earlier in the year we (EP) facilitated a Council wide BC exercise which is identified the benefit of exercising individual BC departmental plans and departments are being supported to deliver their own BC exercises.</p> <p>We conducted a further follow-up in February 2020 to seek an update and are awaiting a response.</p>
<p>2. All departments should have in place an up to date BCP and set a date for approval and ensure their BCP is approved via the relevant channel. All departmental BCPs should be subject to at least annual review and approval. All BCP leads should undertake a full review of their BCPs on an annual basis and have their BCPs approved by the strategic director. Named contacts and contact details should be reviewed and updated on a six monthly basis, as per the guidance within the BCPs. The emergency planning and resilience team should ensure that documentation kept in the BECC is also reviewed and replaced with hard copies of the up to date information.</p> <p><b>Medium</b></p>	<p>Overall - Emergency Planning &amp; Resilience Manager</p> <p><del>June 2019</del></p> <p>October 2019</p> <p>Revised date to be advised</p>	<p>As above</p>
<p>3. Contact details should be reviewed and if necessary updated at least once every six months, as per the guidance within the Council's BCP. All departmental BCPs should be updated to</p>	<p>Overall - Emergency Planning &amp; Resilience Manager</p>	<p>As above</p>

## Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
<p>include all relevant information, as per the template provided by the Emergency planning &amp; business resilience team.</p> <p><b>Medium</b></p>	<p><del>June 2019</del>  <del>October 2019</del>  Revised date to be advised</p>	
<b>2017/18 - Land Charges</b>		
<p>All costs associated with the provision of the land charges service should be determined for a one year period, including both direct and indirect costs. This information should be collated and compared to the total number of searches provided over a one year period to determine an approximate cost per search. This should be compared to previous years to determine how the level of requests will impact on the expenditure to determine the fixed and variable costs, to allow for the costs to be extrapolated to ensure that they are in line with projections for future requests. The information should be reviewed annually to ensure it remains a true reflection of costs.</p> <p><b>High</b></p>	<p>Planning support and land charges manager  Group manager - validation and fast track  Director of planning</p> <p><del>March 2019</del>  <del>May 2019</del>  <del>December 2019</del>  June 2020</p>	<p><b>Not implemented</b></p> <p>Management has responded that the budget and costs will be worked out with our Divisional finance manager to review the current charges in place since the last review in 2015 sometime this year, as the service has moved from legal to planning division.</p> <p>It was advised that the team is currently working on a new planning system Uniform and the recommendation should be implemented by end of December 2019.</p> <p>We will follow-up in June 2020.</p>
<p>A review should be undertaken to identify the benefits, costs and risks associated with offering a personal search service undertaken by Council officers. This review should include the costs to the service and the possible implications should incorrect data be supplied, as well as whether the decision is in line with Council objectives. Alternatives should also be explored, such as offering the self-service at other Council buildings and benchmarking against other Councils to identify best practice. The reasoning behind the decision should be documented and reviewed on a regular basis.</p> <p><b>Medium</b></p>	<p>Planning support and land charges manager  Group manager - validation and fast track</p> <p><del>March 2019</del>  <del>May 2019</del>  <del>December 2019</del>  June 2020</p>	<p><b>Not implemented</b></p> <p>Management has responded that they have to provide a personal search service, however when the planned move of the land charges register to HM land registry then there will be no cost to the Council as agents will use HM land registry direct to get a copy of the register for free with them.</p> <p>We will follow-up in June 2020.</p>
<p>The Council should undertake a review to confirm the anticipated financial loss as a result of the transition of local land charges to Land Registry. Appropriate steps should be taken to determine how this loss will be offset by the Council, to ensure appropriate cost-savings measures will be implemented in a timely manner.</p> <p><b>Medium</b></p>	<p>Planning support and land charges manager  Group manager - validation and fast track</p> <p><del>March 2019</del>  <del>May 2019</del>  <del>December 2019</del>  June 2020</p>	<p><b>Not implemented</b></p> <p>The management has responded that they will work out the loss of the LLC1 search cost to HM land registry when there are clear proposals to transfer the register of local land charges, this cost can be done at the time later this year and work out costs of the service with Finance.</p> <p>We will follow-up in June 2020.</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.



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