



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

**London Borough of Southwark**

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

*9 September 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 and 2020-21 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 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. We are working with the Council to complete the remaining work at the earliest opportunity.

Where audit work was not started in 2019-20, the audits have been rolled forward and will form part of the annual internal audit opinion for 2020-21.

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

## Internal audit plan 2020-21

The internal audit plan for 2020-21 was resumed from 17 August 2020, it was previously suspended due to the Covid-19 pandemic and the Council's reprioritisation of activities and redeployment of staff. We are in discussion with Council departments to ensure that the areas identified in the original approved plan are still the key risks and priorities for the Council and to include any new risks or emerging issues in light of Covid 19.

We have provided assurance with regards to the Troubled Families grant, completing our audits for the period 1 April to 30 June 2020. No exceptions were identified.

Audits that are in progress and their current status for 2019-20 and 2020-21 are summarised 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. 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 for the period to 31 July 2020.

2020-21	Corporate Anti-Fraud		Housing Waiting List		Right to Buy		Covid 19 Referrals	
	Open	Closed	Open	Closed	Open	Closed		
C/f 2019/20	6		3		1		0	
April	19	13	6	15	2	3	7	6
May	9	8	4	3	3	0	11	6
June	4	5	6	3	1	4	4	2
July	10	8	8	4	2	2	9	5
<b>Total</b>	<b>48</b>	<b>34</b>	<b>37</b>	<b>25</b>	<b>9</b>	<b>9</b>	<b>31</b>	<b>19</b>

### Active investigations

There are currently 27 investigations being conducted by the anti-fraud team. These can briefly be summarised as follows:

- Children & Adult Services - 5 cases
- Housing & modernisation - 5 cases
- Finance & Governance - 6 cases
- Covid 19 Related - 12 cases
  - Business Grants - 9 Cases
  - Community Grants - 2 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.

### Pro-active investigations

Currently any pro-active investigations are on hold given the ongoing Covid 19 Pandemic.

Once the current situation eases the anti-fraud and internal audit services 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.

In particular this will focus on areas such as COVID-19 business support grant payments as

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well as the community and discretionary grants, procurement and Council tax.

The areas will be identified via ongoing regular discussions with BDO internal audit and risk champions at the Council.

### **Southwark scholarship scheme 2020**

The anti-fraud team have supported the scholarship scheme verification process since 2015 to match those who fit the criteria of financial funding.

The review identified:

- 11 cases that fall in scope of household income below £25k.
- 14 exceeded the household income threshold or failed to respond (5 cases failed to respond).

### **Update of fraud response policy**

BDO remain in consultation with the Council's anti-fraud team and the internal audits service to complete re-drafting and updating of the Council's Fraud Response Plan.

This details 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 in various formats and on various platforms 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, but it is hoped that progress will be made before the end of the calendar year.

### **Anti-fraud process map**

This has been successfully trialled and is now in full implementation. The Map will form the basis by which staff can now determine how to deal with any suspicions of fraud. It is envisaged that appropriate training for staff on the Map and its use will be held as soon as the situation permits.

### 3. REVIEW OF WORK IN PROGRESS

#### INTERNAL AUDIT PLAN 2019-20

The table below excludes 17 reports previously reported as final and included in our head of internal audit opinion (NB: the reports finalised in this period have no impact on our annual opinion for 2019-20).

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Accounts Payable	Director of Exchequer Services	10	✓	✓	✓ Final report	Moderate	Moderate
Appointeeships	Director of Adult Social Care	15	✓	✓	✓ Final report	Moderate	Moderate
Building Control	Director of Planning	15	✓	✓	✓ Final report	Moderate	Moderate
Council Tax	Director of Exchequer Services	20	✓	✓	✓ Final report	Moderate	Substantial
Data and Information Management	Strategic Directors of Childrens, & Adult Services and Environment & Leisure	25	✓	✓	✓ Final report	Substantial	Moderate
Enforcement	Director of environment	15	✓	✓	✓ Final report	Moderate	Moderate
Housing Benefits	Director of Exchequer Services	10	✓	✓	✓ Final report	Moderate	Moderate
IT - Shared ICT Service	Director of Modernise	20	✓	✓	✓ Final report	Moderate	Moderate
IT - Website Security and Maintenance	Director of Modernise	20	✓	✓	✓ Final report	Moderate	Moderate

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Mental Health Services	Director of Adult Social Care	15	✓	✓	✓ Final report	Moderate	Limited
NNDR	Director of Exchequer Services	10	✓	✓	✓ Final report	Substantial	Moderate
Pest Control	Director of Environment	15	✓	✓	✓ Final report	Substantial	Moderate
Voids	Director of Resident Services	15	✓	✓	✓ Final report	Moderate	Moderate
Payments to Children and Families	Director of Children's Social Care	22	✓	✓	✓ Revised draft report issued 26/03/20		
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		
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		
Foster Carers	Director of Children's Social Care	15	✓	✓	✓ Draft Report issued 03/09/20		

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Housing Rents	Director of Exchequer Services	10	✓	✓	✓ Draft Report issued 03/09/20		
Pensions Administration (Schools)	Director of Education Children's Services	15	✓	✓	✓ Draft Report issued 04/09/20		
Parks	Director of Leisure	15	✓	✓	✓ Reporting		
Suspense Account Management	Director of Exchequer Services	10	✓	✓	✓ Reporting		

## **INTERNAL AUDIT PLAN 2020-21**

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
<b>Carried forward from 2019-20</b>							
Customer Experience - Data Collection and Analysis	Director of Customer Experience	20	✓	✓	✓ Draft Report issued 13/07/20		
Accounts Receivable / Debt Management	Director of Exchequer Services	10	✓	✓			
Community Safety Partnerships	Director of Communities	15	✓	✓			
Supported Accommodation - Family Hostels	Director of Resident Services	15	✓	✓			

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Management of fairer future policy with regards to contracts	Strategic Director of Finance and Governance / COT / Corporate Governance Panel	25	✓				
Supported Living	Director of Commissioning	15	✓				
Fleet Contract and Strategy Management	Director of Environment	15	Scoping discussion				
<b>2020-21</b>							
Tree Management	Strategic Director of Environment and Leisure	20	✓	✓	✓ Final report	Moderate	Limited
School Admissions	Director of Education	12	✓	✓	✓ Draft Report issued 27/08/20		
Community Infrastructure Levy	Director of Planning	15	✓	✓			
Bankline	Strategic Director of Finance and Governance	15	✓	✓			
All age disability service (0 to 24 years)	Director of Adult Social Care	20	Scoping discussion				
Substance misuse	Director of Adult Social Care	15	Scoping discussion				
Direct payments	Director of Adult Social Care	15	Scoping discussion				
Adoption Service	Director of Childrens Social Care	15	Scoping discussion				
Traded Services	Director of Education	25	Scoping discussion				

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Customer Experience and Complaints	Director of Customer Services	15	Scoping discussion				
Demolition Process	Director of Customer Services	12	Scoping discussion				
South Dock Marina	Director of Leisure	12	Scoping discussion				
Contracts Register	Director of Law and Democracy	25	Scoping discussion				
Litigation Protocols	Director of Law and Democracy	15	Scoping discussion				
SAP scheme of delegation and authorisations	Director of Exchequer Services	15	Scoping discussion				
VAT Review	Strategic Director of Finance and Governance	15	Scoping discussion				
Corporate Credit Cards	Strategic Director of Finance and Governance	15	Scoping discussion				

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

KFC07 <b>ACCOUNTS PAYABLE</b> July 2020		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Moderate	Moderate	Medium	2
				Low	2
Purpose of audit	To provide assurance on the arrangements to manage creditor payments processed via SAP, both by Financial Control and Processing (FC&P) and other departments, to ensure that they are promptly and effectively brought into use.	Added value - data analytics	We analysed all live vendor accounts (40,182) and associated payment transactions (73,309) with a potential risk of duplicate names, addresses and bank details. We compared the names, addresses and bank details and no exceptions were identified. We confirmed all 73,309 transactions had a corresponding vendor account number and no exceptions were identified.		
<p><b>Background:</b></p> <p>The Council's main financial system is SAP within which accounts payable transactions are recorded; SAP allows invoices to be scanned onto the system and electronic purchase ordering linked to the Council's Scheme of Management. To support the processing of these transactions the Council has a central financial control and processing (FC&amp;P) team within the exchequer service division. Purchase Orders: the department responsible can raise orders electronically through the SAP system, these are work-flowed to the relevant individuals or via email, which are the sources of evidence and sign off for FC&amp;P to raise the order electronically. Departments send an email to the FC&amp;P Team confirming the receipt of goods. Once the purchase order, invoice and goods receipted are completed (three way match) the invoice will be processed for payment. Non-purchase orders (direct entry) are raised by individual teams and sent to FC&amp;P via email on Excel spreadsheets which detail the requisition and contain authorisation of the delegated purchase within it. Invoices raised by suppliers are issued to the departments who should conduct the relevant checks before providing them to FC&amp;P - it is not the role of FC&amp;P to assess the accuracy, completeness and validity of the invoices received, but the relevant budget holder. FC&amp;P undertakes payment runs every day at 1pm and as part of this check for duplicate payments prior to the payment run, any items flagged as duplicates or unusual will not be processed for payment. FC&amp;P is led by the Head of Financial Control and Processing who reports into the Head of Assessments and Payments, and is split into three teams: control, processing and quality.</p> <p><b>Good practice:</b></p> <ul style="list-style-type: none"> <li>• Payment runs are undertaken on a daily basis and controls are adequate to identify duplicate payments.</li> <li>• Prior to setting up new vendors in SAP, sufficient due diligence checks are undertaken to provide assurance over the background (Companies House, VAT and Tax) and validity of the bank details of the vendor.</li> <li>• There is an appropriate segregation of duties between the requester and approver for both purchase orders and refunds that are processed.</li> </ul>					

- Amendments to vendors have accurately been processed within SAP and sufficient approval and due diligence has been obtained and undertaken prior to making the change.

**Key findings:**

- Seven out of 25 SAP users tested had authorisation rights greater than allowed by the Delegated Scheme of Management and two out of 20 purchase orders had been authorised despite being higher than the delegated authority of the authoriser.
- In eight out of 10 cases tested, purchase orders had been raised and approved after the receipt of the invoice.

**Conclusion:**

Overall, controls are generally satisfactory and we have not identified any payment errors. We have concluded moderate assurance for the design of the controls in place due to inconsistent financial authorisation limits and staff access to the SAP system. We have concluded moderate effectiveness of the controls in place due to purchase orders being raised after receipt of the invoice and inadequate authorisation sought for purchase orders.

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

Design	<ul style="list-style-type: none"> <li>• Monitor the authorisation limits outlined in the Scheme of Management to ensure they are consistent with SAP.</li> <li>• Monitor and report instances where purchase orders are raised after receipt of the invoice to the corporate governance panel.</li> </ul>
Effectiveness	<ul style="list-style-type: none"> <li>• Update the authorisation limits within SAP.</li> <li>• Undertake spot checks on authorised purchase orders and report to the Council’s Corporate Governance panel on exceptions where staff have approved purchases outside of their delegated limits.</li> </ul>

**Follow up**

We will follow up of the recommendations as part of the 2020-21 internal audit of Accounts Payable.

CAS03 <b>APPOINTEESHIPS</b> July 2020		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Moderate	Moderate	Medium	3
				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>A corporate appointee is approved by the Department for Work and Pensions (DWP) and administers the finances of an individual. As appointee, the Council opens a bank account in the client's name and is responsible for: the collection and administration of the person's social security benefits, pensions and allowances, HM Revenue and Customs tax credits, establishing/reviewing an appropriate budget plan, paying any relevant expenses, and ensuring the client, if in residential care, receives their personal allowance. If the Council nominates a representative to carry out the appointee duties on their behalf, the Council remains responsible for the management of the person's affairs. A care professional completes the mental capacity assessment form to ensure that each referral adheres to the five key principles of the Mental Capacity Act. The Council usually manages the finances and affairs of clients who lack mental capacity, however they may manage the finances of a client who has the mental capacity but are physically unable to manage their finances under a general power of attorney (currently four clients). The Council currently acts as appointee for 278 clients. Once an appointeeship is granted, the DWP starts paying benefits monies to a single NatWest Bankline Bank account that is managed by the Council. The income from the DWP is imported onto a virtual account named client monies services account (CMS). The care professional organises a budget to pay bills and other expenditure. All bills are paid within 14 days of issue and arrangements are made for bills to be re-directed to the CFA team. Money is loaded onto a pre-paid card twice a week for client's personal expenses. Receipts are not required for regular expenses, but should be kept for large items or unexpected expenditure. The Council uses the client money system (CMS) and Mosaic for managing its client's affairs. Money management policy, the decision making tool, appointeeship procedures and prepaid card management act as the key policy and procedures. The Council's finance system (SAP) is used to process all payments on behalf of clients such as paying bills on their behalf and are applicable to authority limits stated in the Council's scheme of delegation.</p>					

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**Good practice:**

- Policies and procedures on the appointeeships process and payments setting out roles and responsibilities are in place. The 'BF56 - Application for appointment to act on behalf of someone else' further sets out appointee responsibilities.
- Appointeeship referrals must be approved by the Social Work Service Manager and the Service Manager - Client Finance & Personal Budgets before an application is made to DWP.
- The Client Finance Team will only act on written instructions from the Social Work team.
- Client Finance has a 'Scheme of Delegation' for expenditure, payments and fund transfers which is based on the Council's scheme.
- There is segregation of duties in place over personal budget preparations, processing of client expenditure and reconciliation of individual client accounts and client pooled funds.
- There is an increased use of the 'AllPay' prepaid card for client expenditure. Client Finance have the authority to suspend, block or redeem an 'AllPay' prepaid card issued to a client.
- Client Finance work in consultation with social workers on the review and assessment of client budgets and financial planning, for example; where there are large balances. The Social Worker undertakes a financial assessment on an annual basis and reviews client expenditure.
- The Client Finance Team Manager completes monthly data quality checks on a random sample of casefiles. A 'Data Quality' report is produced for the Service Manager - Client Finance & Personal Budgets and Client Finance team.
- 'Performance' dashboards comparing team performance to other service teams are produced by the Client Finance Team Manager on a quarterly basis.
- Service meetings are held on a monthly basis. A six monthly review of Client Finance performance against the Service plan was undertaken in October 2019 by the Client Finance Team Manager.

**Key findings:**

- The automation of the Client Finance processes on Mosaic has been delayed since January 2019 due to staff constraints in the Mosaic Development Team and has not yet been finalised. The introduction of real time client bank accounts has been delayed by NatWest Bank whom Client Finance await a response, therefore inefficient manual processes continue to be used.
- There is no guidance on the frequency of the production of client account statements and evidence of client account reconciliations was not always on file. Reconciliations for the Client CMS pooled account and individual client accounts are performed periodically rather than the required monthly basis, therefore increasing the risk of error. In addition there is no standard template for personal budgets submitted to Client Finance. Our findings from sample testing related to:
  - Delays in the preparation and approval of client pooled funds and individual client account reconciliations.
  - Instances of initial non-compliance with referral request and payment request procedures, delay in referral approvals, missed processing targets due to staff constraints & delays and delay in the approval of expense payment journals. The referral to DWP target is 72 hours but in 14 out of 20 cases tested it took the Council between 2 and 39 weeks.

**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 are generally effective but we have raised four findings; three medium level and one low level. Our medium level findings relate to manual Client Finance processes, use of virtual client bank accounts that limit direct payments and real-time balance inquiry, non-compliance

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with Service guidance, delay in processing appointeeship referrals and payment, lack of evidence on file for individual client account reconciliations and the lack of standard templates for personal budgets. Our low level finding relates to outstanding appointeeships procedure reviews and limited regular reporting at executive and non-executive levels.

**Follow up**

We will follow up of the recommendations ahead of the next Audit, Governance and Standards committee.

PW04 <b>BUILDING CONTROL</b> September 2020	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	3
	Moderate	Moderate	Low	-
Purpose of audit	To review the adequacy and effectiveness of the Council's controls and approach to the delivery of the building control service.			
<p><b>Background:</b></p> <p>Local authorities have a legal duty to provide an at-cost building control service to the public under the Building Act 1984. This includes a duty to enforce the Act in their jurisdiction and retain ultimate responsibility for decision-making with regard to enforcement action. The building regulations also cover what is considered to be building works, how applications should be made, the duties and responsibilities of people involved, the actual technical requirements and what can be done without notifying the local authority, sometimes referred to as Exempt Works. The building control service will accept, assess and make decisions on applications submitted to it, to ensure the requirements of the building control are met by the proposals. The service will also carry out site inspections during the course of a building project to verify compliance. Upon satisfactory completion of the building works, a Completion Certificate will be issued when requested by the applicant. The service also offers advice and support and certain services can attract a charge which typically depends on the type of property involved i.e. domestics/non-domestic. The Council's building control team changed its system from Acolaid to Idox Uni-form in August 2019. However due to complexities encountered in the transition, both systems are used. Although this might not affect the day to day work, it makes reporting cumbersome. Once the transformation is complete, processes will be mapped and training will be provided to the building control team on how to use Aidox. The building control team also plans to integrate the finance system with Aidox so that financial performance relating to each project can be easily monitored. There is currently no expected completion date for this and it is subject to working in partnership with the Finance Department and others. A daily inspection list is held centrally in the office and inspections are allocated to Surveyors each day via email. Outcomes of inspections are then updated onto Aidox. As part of a programme of competence demonstration, each of the surveyors is undergoing training once every six months. Additionally, any changes in regulation are emailed to members of the team by the Head of building control.</p> <p><b>Good practice:</b></p> <ul style="list-style-type: none"> <li>• Sampled building surveyors had completed their annual CPD in accordance with RICS requirements.</li> <li>• The Head of Building Control regularly receives key updates on legislative and good practice changes from external parties which is subsequently shared with building surveyors.</li> <li>• System reports detailing the performance of the service including how many cases are active and how long they have been allocated, are provided to all team members.</li> </ul> <p><b>Key findings:</b></p> <ul style="list-style-type: none"> <li>• There are no procedure notes in place for IDOX covering the processes for reviewing and recording cases, similar to the procedure notes in place</li> </ul>				

for the Acolaid system.

- A number of exceptions were identified in the effectiveness of the Council’s processes and controls in place with regards to ensuring compliance with building control regulations. Out of a sample of 15 applications, we identified:
  - For two cases, there was a delay of a week before the application was logged onto the system
  - For one application, the decision was not made within five weeks and an extension had not been agreed, in accordance with the Building Act 1984
  - For two applications a digital copy of the final letter was not retained on the system
  - For one application, a physical file was not available, an inspection had been completed in January 2020 but no further correspondence was attached to the system
  - For one application, where the Council was only required to acknowledge receipt, there was a delay of a week in completing this
- Due to system migration issues, the service is having difficulties in allocating and managing available resources against projects

We also observed that as a result of lack of funding, enforcement action is not being taken in some cases. The Council is developing a plan to address this.

**Conclusion:**

Due to the lack and procedure notes for the new system and system issues in allocating resources we have concluded a moderate opinion on the control design. Due to the exceptions identified when completing testing we have concluded moderate for operational effectiveness.

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

Design	<ul style="list-style-type: none"><li>• Ensure that a detailed set of procedure notes for IDOX is available for staff. The procedures should be reviewed periodically and centrally retained for easy access.</li><li>• Ensure that system issues impacting on resource management are addressed.</li></ul>
Effectiveness	<ul style="list-style-type: none"><li>• Ensure that case by case amendments are completed and on a timely basis.</li></ul>

**Follow up**

We will follow up of the recommendations ahead of the next Audit, Governance and Standards committee.

KFC01 COUNCIL TAX July 2020		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Moderate	Substantial	Medium	1
				Low	-
Purpose of audit	To provide assurance on the continuing adequacy of the design and operational effectiveness of internal controls, processes and records in place to mitigate the identified risks relating to the collection of Council tax.	Added value	During testing we considered whether there were any gaps in standing data. We also reviewed the reports provided to confirm whether standing data was included. We completed analysis on the reports provided to identify whether any standing data was not included. This primarily included addresses in relation to chargebacks and arrears. We did not identify any exceptions relating to gaps in standing data for these reports provided.		
<p><b>Background:</b></p> <p>Council tax is charged on residential properties within the London Borough of Southwark, based upon a fixed percentage, which has been raised by 2.99% since 2018/19. It is anticipated during 2019/20 that approximately £126.65m will be collected. Residents may pay their Council tax in a number of ways, including via telephone, online payments, bank transfers and direct debit and payment may be made in either fixed instalments or an annual lump sum. The enforcement team are responsible for the recovery of uncollected debts. Residents may also be entitled to a number of exemptions or discounts depending on personal circumstances, including single person discount, student discount, and disabled person discount. Sufficient evidence must be supplied to the Council prior to the discount being awarded, and where appropriate, will be reviewed annually for any changes.</p> <p><b>Good practice:</b></p> <ul style="list-style-type: none"> <li>• New properties and amendments to valuations are recorded accurately and appropriately authorised.</li> <li>• Bills are accurately loaded onto the Northgate system.</li> <li>• Refunds are issued with appropriate evidence and are subject to an adequate segregation of duties.</li> <li>• Debts are written off according to corporate write-off policy.</li> <li>• Manual adjustments have been processed with sufficient evidence and adequate segregation of duties.</li> <li>• Access levels to Council tax accounts within the Northgate system are appropriate.</li> </ul> <p><b>Key findings:</b></p> <ul style="list-style-type: none"> <li>• Review dates for discounts were not appropriately set and monitored and evidence for student discounts was not kept up to date.</li> </ul> <p><b>Conclusion:</b></p> <p>The majority of controls are working effectively. Due to lack of recent evidence being maintained for student discounts and arrears not being collected for outstanding court costs we have concluded moderate assurance over the design of the controls in place.</p>					

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<b>Looking forward: supporting the Council's journey from moderate to substantial assurance</b>	
Design	<ul style="list-style-type: none"><li>• Request up to date evidence when awarding student discounts.</li><li>• Apply assigned procedures to costs of arrears.</li></ul>
<b>Follow up</b> We will follow up of the recommendations as part of the 2020-21 internal audit of Council Tax.	

TR16 DATA MANAGEMENT July 2020		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Substantial	Moderate	Medium	1
				Low	-
Purpose of audit	To review of the adequacy of management information to support decision-making in high cost / high volume areas.				
<p><b>Background:</b></p> <p>The Council manages a significant amount of data, which is used to support decision-making and the effective delivery of services. Two of the Council's high cost / high volume areas were identified for the purpose of this review:</p> <ol style="list-style-type: none"> <li>1. Children's education high needs - A child or young person is deemed to have Special Educational Needs (SEN) if they have a learning difficulty or disability, which calls for special educational provision to be made for them. The Children &amp; Families Act 2014 requires Local authorities to prepare an integrated Education, Health and Care (EHC) Plan for these individuals based on a single assessment process. EHC plans are documents that support children, young people and their families from birth to 25 years and should be issued within 20 weeks of request. The Council receives approximately 600 new referrals each year from schools, healthcare providers or other professionals (such as speech and language therapists). Since the introduction of the Children &amp; Families Act in 2014, the volume of referrals to the Council has increased by 36%.</li> <li>2. Southwark Building Services - the Council provides repairs and refurbishment services to residents in its locality. The Council relies on two interfaced systems to deliver this service: I World and Impact Response. Staff within the Contact Centre receive information relating to works and book the required time slots on I World. Once this is done, the jobs are assigned to different officers for completion on Impact Response. Once a job is completed, the operative notes this on a PDA which updates it on Impact Response and I World. Various KPIs are generated and used for monthly and quarterly reporting. The Council currently does not have information relating to job costing, which is an area to be included in future improvement plans. The building services team is planning to present a draft three year improvement plan to the Cabinet in March 2020 relating to its repair service.</li> </ol> <p><b>Good practice:</b></p> <p>Building Services</p> <ul style="list-style-type: none"> <li>• The Council has detailed guidance relating to the asset management database iWorld, which is available to all staff on the intranet (Source).</li> <li>• The Council uses iWorld as the asset management system, which holds an inventory of all the buildings and estates that are currently under Council's remit. A review of the February export of the iWorld system provided details of all the jobs raised with respective work orders, property number and address, work programme, budget code, authorised by, estimated costs and description of work. The analysis of the report provided further information relating to the KPIs (communal, internal disrepair, voids, leak from above, AA, CC9). This data is used to prepare monthly highlight and performance reports for the Quality and Management Team (QMT).</li> <li>• The reports to the QMT include progress on agreed KPIs. The KPIs include customer satisfaction surveys, further appointments, completions within</li> </ul>					

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stipulated time periods, average time to complete responsive repairs, KPIs supplied by the quantity surveyor and communal repairs. Our testing of KPIs for sampled months identified no issues and highlighted appropriate working papers were kept and reviewed for data validation purposes and to keep an appropriate audit trail.

- Management holds regular repairs and maintenance contract monitoring meetings with the Shared Business Services on monthly basis, with meetings minuted and the action plan monitored incorporating a summary of all queries raised.
- The QMT reports to Repairs Core Group on quarterly basis, with terms and reference agreed, meetings appropriately minuted and chaired by Cabinet Councillor.
- The department maintains a training matrix for each employee which incorporates appropriate details such as completion date and renewal dates.

#### Special Educational Needs and Disability (SEND)

- The Council has detailed guidance in place relating to the database Capita-One, available to all SEND staff within their shared drive.
- The Council uses Capita-One to record information within the SEND team. A review of the recent three sampled month exports provided details of all student applications/requests received, finalised (on time, late, exceptions, reasons), educational health and care plans, data validations and final decisions. The monthly statistics reports for the sampled months provided further information relating to the KPIs and used to prepare monthly highlight and performance reports for Senior Management Team (SMT) on a monthly basis. The team has been working on producing a SEND Data Master Spreadsheet to record all the information relating to individuals with an education, health and care plan (EHCP)
- The reports to SMT provide progress on agreed KPIs. The terms of reference for the SMT have been agreed and the meetings were formally minuted. A review of the reports highlighted key KPI's were reported upon including on-time plus valid exception, total finalised minus late valid exceptions, on time percentage, valid exception percentage and late percentage. Our testing of KPIs for sampled months identified no issues and highlighted appropriate working papers were kept and reviewed for data validation purposes and to keep an appropriate audit trail.
- Senior managers of the SEND team meet on monthly basis for monitoring purposes with meetings appropriately minuted. A review of meeting minutes confirmed key issues were discussed including strategic and operational level information, system weaknesses, reporting, pupil information, budgets and actuals, re-branding for data purposes, impacts on service delivery, local procedures and guidance, roles and responsibilities, induction, training and other operational issues.
- The department reports to the Department for Education annually via the SEN 2 survey return form uploaded to the DfE's website. The information collected via the annual survey form provides information on the sources of data collected on children and young people with Education, Health and Care (EHC) plans maintained by the Council, to monitor government policies and their effectiveness.
- Management prepares a monthly Joint dashboard report, providing details on the KPI's relating to Performance Challenge Dashboard and Children & Adults Board dashboard, which are reported to the senior management and SMT on a monthly basis.
- The department maintains a training matrix for each employee which incorporates appropriate details such as completion date and renewal dates.

#### Key findings:

- The departments had identified all information assets it holds, through a GDPR exercise last completed in financial year 2018/19. The management of both Building Services and SEND confirmed that no recent exercise has been conducted since, to ensure that the departmental information asset registers have been updated at least annually. (This issue has also been identified more widely across the Council in our internal audit of Records Management, also undertaken in Q4 of 2019-20).

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**Conclusion:**

Our review identified that the Council has a sound system of appropriate internal controls in place such as policies and Council-wide guidance, designed to achieve system objectives and to mitigate key risks, allowing us to provide substantial assurance on the design of controls. However, asset registers are not being kept up to date, resulting in moderate assurance over the effectiveness of controls.

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

## Effectiveness

- Management should conduct a thorough exercise covering all systems, locations and business areas in order to fully record the types of data being created and retained and to ensure all information assets are identified.
- An inventory record should be maintained which is reviewed annually.

**Follow up**

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

EL22 ENFORCEMENT		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
September 2020				Medium	3
		Moderate	Moderate	Low	1
Purpose of audit	To review the adequacy of procedures and controls with regards to: Joint enforcement with the police, including clarity of roles and responsibilities and record keeping. Fixed penalty notices and receipt of fines and escalation procedures where these are not paid.	Added value	We completed data analytics to identify the number of fixed penalty notices (FPN) issued and cancelled by environmental enforcement officers and wardens by individual and the number of fixed penalty notices issued by area. The range of FPNs issued is between 93 and 160 for environmental enforcement per officer, and one to 13 for wardens. The range of FPNs cancelled is between four and 26 for environmental enforcement per officer. This information will assist the Council in highlighting areas where there are issues in disposing of waste appropriately so that further action can be taken, either by higher inspections or improved information. Where enforcement officers have high number of cancellations consideration can be given as to whether further training may be necessary.		
<p><b>Background:</b></p> <p>Until 31 March 2019, the Council had an agreement with the Greater London Authority (GLA) to provide police officer assistance to staff when undertaking duties including weapon sweeps and other joint enforcement action across the environmental enforcement team, with the Council funding one police officer and the GLA providing another. The GLA is no longer willing to fund an extra police officer. Therefore, the Council is looking at facilitating a section 92 Partnership Plus agreement with the GLA for police support. This will allow the Council to buy into the agreement and utilise the police force. Council staff and police officers are co-located in the joint police station to enable effective joint operations to take place and to allow combined over-arching priorities to be agreed. Partnership Tasking Group meetings take place on a monthly basis where problem solving is discussed based on available resources of both the police and the Council. This working relationship is supported by an information sharing agreement and a police and crime plan. The general remit of the police officer roles is set by the borough commanders, however the merger of Southwark and Lambeth police force boroughs has reduced police officer availability. Fixed penalty notices are issued by community wardens within the joint enforcement team for a range of offences including environmental issues, littering, and dog fouling. Southwark's community warden service provides a visible reassuring patrol presence for the community. The Council has a newly structured service consisting of 40 uniformed community wardens providing a borough wide service.</p> <p><b>Good practice:</b></p> <ul style="list-style-type: none"> <li>• The partnership task group meets monthly and actions are recorded and followed up on</li> <li>• Fixed penalty notices are issued in accordance with Council procedures containing details of the offence</li> <li>• Fixed penalty notices are cancelled for the correct reasons in accordance with Council procedures.</li> </ul>					

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**Key findings:**

- One fixed penalty notice was paid for the incorrect amount, the amount to be paid should have been £400 but the reduced charge of £250 was paid despite not being paid within 10 days. Twelve out of 17 unpaid fixed penalty notices tested remained open on the system but no further action had been taken after the required correspondence had been sent. The issue dates of these FPNs ranged between 10 August 2018 and 22 July 2019
- Quarterly and end of year reconciliations between the expected FPN income and income actually received are not completed.
- We could not confirm that the new s92 agreement with the GLA detailing joint procedures has been signed, as this has not been provided.

**Conclusion:**

There are sound controls over partnership working and the issuing of fixed penalty notices. Due to the quarterly and end of year reconciliations not being completed, we have concluded an opinion of moderate assurance over the design of the control framework.

Due to the fixed penalty notice not being paid for the correct amount and the fixed penalty notices remaining open on the system but no further action being taken 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**

Design	<ul style="list-style-type: none"><li>• Complete quarterly and end of year reconciliations of expected income against income received.</li></ul>
Effectiveness	<ul style="list-style-type: none"><li>• Where payments are accepted for lower amounts, record this on the system</li><li>• Complete quarterly reviews of open and unpaid fixed penalty notices and decide whether to pursue these or close the notice.</li></ul>

**Follow up**

We will follow up of the recommendations ahead of the next Audit, Governance and Standards committee.

KFC09 <b>HOUSING BENEFITS</b> August 2020		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Moderate	Moderate	Medium	2
				Low	2
Purpose of audit	To provide assurance on the continuing adequacy of the design and operational effectiveness of internal controls, processes and records in place to mitigate the identified risks relating to Housing Benefit and Universal Credit.				
<p><b>Background:</b></p> <p>Housing Benefit and Local Council Tax Support is a key financial system, through which significant sums of public funds are processed. The approximate figures for 2019/20 are:</p> <ul style="list-style-type: none"> <li>• Housing benefit subsidy - £175m arising from 22,500 claims</li> <li>• Council tax reduction support - approximately 25,000 claims.</li> </ul> <p>As Universal Credit is being migrated to DWP, this has resulted in a decrease of nearly 40% in the Housing Benefit caseload since November 2016. The requirement of checking supporting documentation has therefore continued. The Council was one of the first local authorities to go live with Universal Credit implementation in November 2016 and the migration process continues. From discussions with management and staff priorities due to Covid-19 we reduced the scope of the audit and we have not provided assurance on the following risk areas:</p> <ul style="list-style-type: none"> <li>• Housing benefits payments are not cancelled in a timely manner where individuals have been set up by DWP to receive universal credit payment (the Council target being 7 working days on average calculated annually).</li> <li>• The Northgate benefits system is not reconciled regularly to other systems and reconciliations are not subject to independent review.</li> </ul> <p><b>Good practice:</b></p> <ul style="list-style-type: none"> <li>• The current parameters within Northgate are up to date with 2019/20 DWP guidance, we confirmed a live test and recompilation of the system was undertaken following the update of the system parameters and reviewed to ensure it was correct.</li> <li>• We confirmed there is an appropriate verification process in place for changes in circumstances to Housing Benefit claims, and evidence must be provided to confirm the validity of the information provided by claimants for Housing Benefit purposes.</li> <li>• There are sufficient processes to ensure any changes of a claimants payment details are only made by staff with the appropriate authorisation and sufficient documentation is in place to support the change.</li> <li>• For manual adjustments relating to over/under payments of housing benefits, a proforma must be completed by the requesting officer and approved prior to being actioned on Northgate. Supporting documentation is retained on info@work and the manual adjustments are monitored on a spreadsheet retained by the Team Leader.</li> </ul>					

**Key findings:**

- Sample testing of Housing Benefits applications received, assessed and processed, we identified one case where the incorrect information had been uploaded onto Northgate that resulted in an overpayment of Housing Benefits.
- Write-off proformas have not been retained and we identified discrepancies between the amounts requested on the proforma and approved to be written off as well as delays of up to 3 years in write-offs being undertaken and processed.

**Conclusion:**

Overall, we have concluded moderate assurance for the design of the controls in place due to the control weaknesses relating to the current write-offs process in place. We have concluded moderate effectiveness of the controls in place due to discrepancies in the amount of write-offs requested and processed and the error identified when processing Housing Benefits applications resulting in an overpayment.

The issues relating to write-offs were identified in the prior year audit, we recommend that the issue of write offs not being undertaken regularly is reported and escalated to the Council’s Corporate Governance panel.

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

Design	<ul style="list-style-type: none"><li>• Implement an additional reconciliation and check of write-offs prior to gaining approval from Cabinet.</li></ul>
Effectiveness	<ul style="list-style-type: none"><li>• Northgate user access checks should be evidenced to ensure staff have appropriate access for their roles</li><li>• Ensure write-off proformas are completed and retained on info@work</li><li>• Bulk write-offs should be approved and processed on a quarterly basis</li><li>• Spot checks should be evidenced and undertaken to ensure all new Housing Benefit applications and claims have been accurately uploaded onto Northgate.</li></ul>

**Follow up**

We will follow up of the recommendations as part of the 2020-21 internal audit of Housing Benefits.

IT03 IT - SHARED ICT SERVICE July 2020		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
				Medium	1
		Moderate	Moderate	Low	1
Purpose of audit	To provide assurance that the Inter Authority Agreement for the Shared ICT Service remains fit for purpose and serves the need of the Council.				
<p><b>Background:</b></p> <p>London Borough of Brent and London Borough of Lewisham established a shared ICT service (SICTS) in April 2016. The synergies with Brent and Lewisham and the advantages of London Borough of Southwark joining the Brent and Lewisham Shared ICT Service were considered and work undertaken to develop and agree a shared strategic vision for the Shared ICT Service. Outcomes from the work including identified business benefits to be achieved were set out in the reports to the three Councils' Cabinets. The respective Cabinets approved the Councils entering into an interim inter-authority agreement which was signed on 31st March 2017. This provided the framework within which all parties were able to explore and define a three-way shared service proposal. An Inter Authority Agreement (IAA) was established and agreed by the London Borough of Brent, London Borough of Lewisham and London Borough of Southwark in November 2017. This provided the framework to facilitate the joint delivery of their Information, Communication and Technology (ICT) services with a view to their more economical, efficient and effective discharge. The London Boroughs of Brent, Lewisham and Southwark have established a Joint Committee and a Joint Management Board to discharge executive functions on behalf of the three boroughs as they relate to joint activities or areas of common concern in relation to the provision of ICT infrastructure and related supporting services. An external reviewer, METHODS was commissioned in 2019 to review the current capacity and skills for the future. Following a review performed by METHODS, the SICTS has implemented a service improvement plan in order to deliver a service that is reliant, secure, well managed and forward looking. This work also included the development of a Target Operating Model (TOM) which is under review and will be ratified in July 2020.</p> <p><b>Good practice:</b></p> <ul style="list-style-type: none"> <li>• A Joint Committee has been established by all three Councils to oversee the effective delivery of the strategic direction of the Shared ICT Service. The committee meets three times a year.</li> <li>• A Joint Head of ICT is in place. This officer has the responsibility for leading and managing the Shared ICT Service on behalf of the Councils.</li> <li>• There is a Joint Management Board (JMB) in place to implement the strategic decisions made by the Joint Committee, oversight of the day-to-day monitoring of the Shared ICT Service, reviewing and agreeing the performance management framework. The JMB meets every two months.</li> <li>• There is an Operational Management Group (OMG) in place which is attended by the Head of ICT from each of the three Councils, the Head of Programme and the Head of Operations. The OMG reports into the Joint Management Board and meets on a monthly basis.</li> <li>• The IAA includes an agreed service description which stipulates the service levels and key performance indicators, service integration and management processes, service desk, end user services (EUS), infrastructure, telecommunications and network services, project management, strategy and planning, performance and management reporting, and management of third-party suppliers.</li> </ul>					

- The IAA includes partnership principles and the agreed strategic outcomes for the Shared ICT Service (SICTS) to build a solid platform for transformation, deliver a quality service, provide great value-for-money, and forge a lasting partnership.
- The IAA describes a shared service internal and external dispute resolution process in order to report any issues to the Joint Committee as and when they are identified.
- The IAA includes an exit management protocol which sets out the steps to be followed, and activities to be undertaken, during the exit period to migrate ICT services from the shared ICT service to the withdrawing Council(s). The Exit activities include the roles and responsibilities for exit of each party and contingency arrangements (establishment of the exit plan will include media, actions, responsibilities and timings for the transfer of services, data, assets, documentation, and third party support contracts and other resources).
- A technology roadmap was developed for the period 2020-2023 which includes a roadmap for particular deliverables, such as: network and telephony, core infrastructure, user experience, security and compliance.
- The Shared ICT Service 2019-2022 technology strategy plan came into effect from March 2019, aiming to provide secure, reliable and integrated technology solutions in alignment with business goals, while delivering excellence in customer service. In support of this mission, the plan will aim to build a solid platform, deliver a quality service, provide value for money and forge a lasting partnership.

**Key findings:**

- Incidents are not resolved within the SLA target of 95% and incidents are not being categorised to identify systematic issues such as infrastructure, hardware or software dependencies
- The IAA has not been reviewed or updated since 2017 nor does it include the terms of reference of the Operational Management Group.

**Conclusion:**

The IAA is generally fit-for-purpose. The deficiencies identified in this report refer mostly to a lack of formality with the current arrangements rather than gaps in the control framework. Essentially, where there are no arrangements in place to formally review the IAA periodically and no controls in place to analyse the root cause and trend of the operational and strategic issues, we have concluded that the overall assurance we can provide over the control environment is Moderate for design and effectiveness.

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

Design	<ul style="list-style-type: none"> <li>• Have arrangements in place to review and update the IAA on a regular basis</li> <li>• Develop a Terms of Reference for the Operational Management Group</li> </ul>
Effectiveness	<ul style="list-style-type: none"> <li>• Perform root cause and trend analysis for the issues raised and report it to the Management meetings.</li> </ul>

**Follow up**

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

IT05 IT - WEBSITE SECURITY AND MAINTENANCE July 2020	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	1
			Medium	3
	Moderate	Moderate	Low	4
Purpose of audit	<p>This audit appraised the design and operational effectiveness of the Council’s procedures for identifying and protecting its website and for managing the security and maintenance risks on an ongoing basis.</p> <p>Our work is designed to provide an assessment of the website security and maintenance arrangements that are in place, but cannot provide absolute assurance that the Council would withstand an attack on its web applications.</p>			
<p><b>Background:</b></p> <p>Developing and maintaining security controls for a Council’s website is of critical importance as it affects all customer services and will have an impact on Council residents. Local authorities and businesses alike are being targeted by hackers who are becoming more sophisticated in their methods. Common attacks on web applications include cross-site scripting (XSS), session hijacking and distributed denial of service (DDoS) attacks. Organisations need to understand and follow secure practices in developing and hosting their websites. Residents will also need assurance that their online payments are securely managed. Web-Labs provide and manage the Council’s web applications including the MySouthwark (citizen’s portal) tool which provides residents with a single user account and consolidates their online services through single-sign on (SSO). The Council’s web servers are located at the Spring Park data centre and are managed by Capita. The Council will be migrating to the Azure cloud in 2020-21. The web infrastructure is shared with Brent and Lewisham and is managed by the shared services, and the web content management system (CMS) is managed internally. The Council experienced a DDoS attack in December 2018 to January 2019 which caused website outage for several days. Outdated patches and a technical issue regarding the web infrastructure were highlighted as an outcome. The Council has now implemented DDoS protection and changes have been made by its internet service provider (ISP) and the layer 7 web application firewall, which is a managed service through Imperva that the shared ICT services team administer in consultation with Council management.</p> <p><b>Good practice:</b></p> <ul style="list-style-type: none"> <li>• Changes are raised on the Hornbill helpdesk management system and assessed by the system administrators, who then raise a ticket on WebLabs helpdesk if the ticket cannot be resolved internally (i.e. if it relates to the CMS backend).</li> <li>• The internal CMS team triage with other ICT teams as well to determine the appropriate team to assign. A sample of five change tickets from the helpdesk management systems was reviewed. We confirmed in all instances that the tickets were run in the training environment, and closure was approved by the internal system administrators.</li> <li>• Technical training needs are assessed each year through performance appraisals. Resulting development plans are put in place and agreed by line managers. Review of the development plans for the two system administrators showed that development plans had been agreed by the Change Manager (Online Services). Development plans covered the technical aspects of their day-to-day roles and captured expected outcome, training timing, and relevance of knowledge.</li> <li>• DDoS protection has been implemented following the web attack in November 2018. There is DDoS protection for both layer 3 and layer 7 (of the</li> </ul>				

OSI model)

- Layer 7: a web application firewall (WAF) has been configured. The web application firewall and web infrastructure configuration ensures traffic is routed through the DNS server, then the Imperva (firewall) server, and then the web server. Hence, all traffic is filtered at layer 7 before it reaches the destination IP address.
- Layer 3: the Corero solution has been purchased through the managed service provided by GTT (the internet service provider). GTT manage the Corero solution. We confirmed that DDoS mitigation was included in the most recent invoice from GTT and the solution is live.
- Review of administrator listing showed ten administrators have access. We confirmed all had a valid business need for access. One admin user account has now be removed as the contractor no longer needs access. Review of WAF rules showed default deny all.
- To date no WAF changes have been made. However, there is a process in place. If a change is needed the change request is assessed at the change approval board (CAB) which is held weekly at SICT. CAB assess the reason, IP addresses and configuration details before approving.
- A total of 11 URLs (sub-websites can be included) have been registered to the WAF. We confirmed that this included the main website. Automatic alerts have been set up to notify administrators in the event of critical events. Weekly summaries are also email generated by the program.

**Key findings:**

- No continuity or resilience plan is in place for SICTS to follow in the event of web server outage (Emergency Planning do not hold one) - high priority.
- Web server Operating System patches are being run manually and as a result the October 2019 patches were not deployed until February 2020
- Restore from backup tests on web server (lbs-web-01) were last run in November 2019 and are not run monthly.
- Nessus vulnerability scans are only being run on web servers externally. It should also be run internally so that insecure misconfigurations that could be exploited by hackers are identified.

**Conclusion:**

We have concluded moderate assurance for the design of the controls in place due to the strong web application firewall configuration and established process for change control and adequate training needs assessments and monitoring of completion, but there is no continuity or resilience plan in place for restoration of web servers following an attack and Nessus is only run externally. We have concluded moderate effectiveness of the controls in place due to implementation of incident and change tickets on the Hornbill system, strong change control of WAF exceptions, and completion of targeted training. However, server OS updates have not been deployed timely, backup tests are not run monthly, and antivirus updates are not deployed in a timely manner.

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

Design	<ul style="list-style-type: none"><li>• Establish and agree regular testing schedule for continuity and resilience plan.</li><li>• Create admin credentials for Nessus and run internally on web servers.</li></ul>
Effectiveness	<ul style="list-style-type: none"><li>• Track and monitor web server state in line with manual server OS updates.</li><li>• Track and monitor backup restore tests on a monthly basis.</li></ul>

**Follow up**

We will follow up of the recommendations ahead of the next Audit, Governance and Standards committee.

CAS06 <b>MENTAL HEALTH SERVICES</b> July 2020		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	2
		Moderate	Limited	Medium	2
				Low	-
Purpose of audit	To review the controls in relation to the governance, approvals, records maintained and monitoring of care packages and funding relating to the clients receiving the Council's mental health services by the Care & Support Team (CAST).				
<p><b>Background:</b></p> <p>The Council's Adult Social Care Mental Health Services has an annual budget of approximately £7.7M, of which approximately £2M is allocated to service users via direct payments (including pre-paid cards) in the form of a personal budget.</p> <p>The service is comprised of five separate teams:</p> <ul style="list-style-type: none"> <li>• Reablement Team - usually the first service that is involved to identify and assess whether there is an eligible unmet need and identify the appropriate service, including short-term interventions. Approximately 10% of clients are referred to the Care &amp; Support Team for ongoing support</li> <li>• Approved Mental Health Professional Service - deals with more serious and complex cases, including hospital detentions</li> <li>• Substance Misuse Team</li> <li>• Care &amp; Support Team (Mental Health) - develop care and support plans, undertake financial assessments, award direct payments, review and monitor plans for approximately 400 clients.</li> <li>• Move on Support Team - provide support to service users in residential care to ensure their needs are being met and manage the process if they are not.</li> </ul> <p>All client records are maintained on the Council's social care case management system, Mosaic.</p> <p><b>Good practice:</b></p> <ul style="list-style-type: none"> <li>• A care and support plan was in place and fully documented on Mosaic for the sample of clients selected during the audit. 18 of these had been reviewed within the last year.</li> </ul> <p><b>Key findings</b></p> <ul style="list-style-type: none"> <li>• There was no evidence of an annual finance assessment for 7 out of 11 clients required to pay for care and the reason why one client did not pay for care was not recorded.</li> <li>• An annual review of the care and support plan had not been completed for two clients.</li> <li>• Following a change in care and support plan personal budgets had not been updated in a timely manner for four out of ten cases tested.</li> <li>• In nine out of ten cases tested where personal care packages had been completed there had not been a reviews of expenditure to confirm whether there was a surplus of funds that needed to be repaid and that funds had been spent appropriately. A large backlog of expenditure returns dating</li> </ul>					

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back to 2016 have not been examined.

**Conclusion:**

Care and support plans were in place for all clients tested, and processes have been documented in relation to completing annual reviews, but spot checks are not in place to ensure staff have completed the required annual reviews in a timely manner, so we have concluded moderate assurance over the design of the controls in place. Due to annual finance assessments not being completed for all clients, personal budgets not being updated in a timely manner and reviews not being completed of client finance and client AllPay accounts, we have concluded limited assurance over the effectiveness of the controls in place.

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

Design	<ul style="list-style-type: none"><li>• Review of data quality reports to ensure financial assessments are completed, personal budgets are updated on a timely basis and there are annual reviews of care plans.</li></ul>
Effectiveness	<ul style="list-style-type: none"><li>• Reporting of overdue financial assessments where documentation has been provided to clients but not returned.</li><li>• Monitoring completed client cases to ensure there is no surplus or inappropriate spend.</li></ul>

**Follow up**

We will follow up of the recommendations ahead of the next Audit, Governance and Standards committee.

KFC02 NNDR July 2020		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Substantial	Moderate	Medium	2
				Low	2
Purpose of audit	To provide assurance on the continuing adequacy of the design and operational effectiveness of internal controls, processes and records in place to mitigate the identified risks relating to the collection of national non domestic rates.	Added value	Data Analytics We undertook an analysis of all customers' accounts with a potential risk of duplicate names and/or addresses. There were a total of 13,008 customer accounts, we compared the customer account names with addresses and no exceptions were identified. We analysed the Councils aged debtor position on the 327 customer account. We identified that 26.5% of the debts ranged between the values of £7,000 and £20,000. Further information is contained within Appendix I). We confirmed the aged debtors position, including arrears and debts outstanding are monitored on a monthly basis as part of the Income Operations board and fed into the decision making process for debt write-offs.		
<p><b>Background:</b></p> <p>The Council collects national non domestic rates from commercial properties within the borough, based upon a percentage of their rateable value, per a valuation issued by the Valuation Office Agency (VOA). For 2018-19 a total of £308.1m was collected, with an anticipated £337.1m to be collected for 2019-20. The Council is responsible for the collection of a levy for the five Business Improvement Districts (BIDs) in the borough. New legislation was brought into force in April 2019 - retailers receive a one third discount on their business rates bills for two years. The relief will be provided to eligible occupied retail properties with a rateable value of less than £51,000 in 2019-20 and 2020-21.</p> <p><b>Good practice:</b></p> <ul style="list-style-type: none"> <li>• Accurate bills have been issued to ratepayers.</li> <li>• Refunds have been issued for the correct amount, supporting documentation retained and there is an adequate segregation of duties between the requester and approver.</li> <li>• Debts have been accurately written off within the Northgate system and have been approved by the Cabinet in accordance with the Councils write-off policy.</li> <li>• Manual adjustments due to a change in occupancy have been accurately processed within Northgate with sufficient documentation retained to support the reasons and information required.</li> <li>• The collection of BID levy income has been completed in a timely manner for each of the five BID areas. Accurate charges have been billed in accordance with the BID multipliers on the rateable values and appropriate recovery action has been undertaken where necessary.</li> </ul>					

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**Key findings:**

- Evidence of review and authorisation of the weekly reconciliations between the Valuation Office Agency (VOA) schedules and Northgate has not been retained and the reconciliations, although completed, have not been undertaken within a timely manner.
- Exemptions from business rates based on Empty property relief rate has been awarded to properties that have not been inspected and evidence has not been recorded on Northgate for eligibility of Charity relief rates being applied.

**Conclusion:**

The majority of controls are effective and no billing errors were identified. Overall, we have concluded substantial assurance for the design of the controls with minor exceptions relating to the credit balances on accounts. We have concluded moderate effectiveness of the controls in place due to approvals of reconciliations not being retained and inspections have not been undertaken for properties that have been awarded business rate reliefs and exemptions.

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

Design	<ul style="list-style-type: none"><li>• Monitor the credit balances on accounts from previous occupiers.</li></ul>
Effectiveness	<ul style="list-style-type: none"><li>• Undertake regular spot checks of reconciliations to ensure they have been authorised</li><li>• Ensure all inspections outstanding have been undertaken.</li></ul>

**Follow up**

We will follow up of the recommendations as part of the 2020-21 internal audit of NNDR.

EL42 <b>PEST CONTROL</b> September 2020	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
	Substantial	Moderate	Medium	-
			Low	2
Purpose of audit	To review the adequacy and effectiveness of the contract management arrangements, delivery against KPI's and the extent to which income generated is meeting the Council's expectations.			
<p><b>Background:</b></p> <p>The Council's pest control team provides a service to commercial clients and Council tenants within the borough. This service is provided exclusively by an internal team. The internal team is not contracted to provide this service to the Council's facilities management team, this is completed by third party external contractors. However, there are occasions when the pest control team will undertake ad-hoc pest control of Council facilities where required. Southwark's pest control team monitors their performance through completion of customer satisfaction surveys and response times for emergency works against the target of four hours. This information is reported on a monthly basis. The income target, which is annually reviewed, is 5% of the HRA budget (£1.3m), therefore the target is £65,000. The pest control team is also contracted by Croydon Council. The partnership agreement between Southwark and Croydon was signed in November 2018, and is for an initial period of five years with two options to extend for another two years, up to a maximum of nine years. The Croydon contract is expected to generate revenues of £270k per year. The Council's budget is based on the assumption that revenue from Croydon Council itself will be £200k and the other £70k will be generated through private Croydon-based residents. The KPIs associated with this contract are reported monthly, and on a bi-monthly basis there are contract monitoring 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 and reported to the relevant officers.</li> <li>• Additional income targets are set and reported on, on a monthly basis.</li> <li>• A signed SLA is in place between the Council and Croydon detailing the KPIs in place which are monitored on a monthly basis.</li> <li>• Core Group Meetings are held on a regular basis, where arranged by Croydon Council.</li> </ul> <p><b>Conclusion:</b></p> <p>Due to processes for reporting KPIs each month, meetings taking place regularly, and an additional income target being set plus good application of the controls we concluded substantial assurance over the design and moderate assurance over the operational effectiveness of the controls in place.</p>				
<b>Looking forward: supporting the Council's journey from moderate to substantial assurance</b>				
Effectiveness	<ul style="list-style-type: none"> <li>• Ensuring technician information is recorded when completing customer satisfaction surveys.</li> </ul>			
<p><b>Follow up</b> We will follow up of the recommendations ahead of the next Audit, Governance and Standards committee.</p>				

EL18 <b>TREE MANAGEMENT</b> July 2020		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	2
		Moderate	Limited	Medium	2
				Low	1
Purpose of audit	To review the adequacy of the Council's Tree Management, ensuring key risks related to ETRP are being adequately addressed.				
<p><b>Background:</b></p> <p>The Leisure team is responsible for implementing the tree management policy which was signed off by the Cabinet in December 2019. Tree management covers 120,000 trees out of which 82,000 are the Council's responsibility and the rest are on private land. The trees 'client' team comprises of a Tree Services Manager and a team of 5 arboriculture officers who are responsible for the overall delivery of the Tree Management Policy and Tree Risk Management. The tree works in house team comprises of 15 operatives and an extra temporary team of 3, as well as a Manager, who perform a number of emergency and high risk works at an average of 50 jobs a week. Current jobs are assigned to in-house members of staff, however the requirements of the tree stock consistently exceeds the capacity of the team and therefore a monthly and historic backlog is assigned to contractors.</p> <p>On 31 December 2017 a tree collapsed at the Tabard Gardens Estate injuring three children. An internal serious incident panel investigated the incident and presented its interim findings in February 2018. The Health &amp; Safety Executive (HSE) launched an investigation into a potential contravention of the Health &amp; Safety at Work Act. Further to the HSE investigation, officers worked to address the issues by producing a Tree Recovery Plan (TRP) which was linked to each of the key areas for improvement.</p> <p>Further to the incident in December 2017, the Council established that approximately 44,000 trees were outside programme inspection dates highlighting disconnect between existing policy and actual service delivery (some having not been surveyed for up to 10 years). This meant that Southwark was at risk from further potential breaches of health and safety regulations. The inspection backlog has now been cleared (completed in August 2019) and this has identified new trees in the borough (now believed to be 82,000 rather than 57,000). This has generated a large number of new jobs to be completed, which cannot be delivered by the in house team as they are continuing to deliver the monthly schedule of works being generated by the standard inspection programme and high risk ad hoc jobs. The backlog of works forms the basis of the Emergency Tree Recovery Plan (ETRP) comprising of 11,310 jobs, of which 43% are high priority, 17% medium and 40% low priority jobs. In house are allocated 175 jobs per month and the March 2020 tracker shows that 90% of the jobs on the ETRP were still outstanding.</p> <p><b>Good practice:</b></p> <ul style="list-style-type: none"> <li>• The Council has a Tree Management Policy in place, approved by the Cabinet in December 2019.</li> <li>• The Council has a Tree Risk Management Strategy (TRMS), clearly identifying key management issues and sets out a system in mitigation which is intended to manage risk at a level as low as reasonably practicable whilst retaining the benefits of Southwark's valuable and diverse tree stock.</li> <li>• The Council has formal guidance available for the Confirm asset management database from which the data is sourced, providing details of work identified through risk assessment, highlighting tree defects and to monitor performance. The Client team uses the Confirm system to identify tree</li> </ul>					

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work according to risk on a priority basis.

- The Council has formally identified the competencies required from the tree operatives and incorporated them within the TRMS.
- The Council has a robust ETRP in line with the Council's risk management plan, to clear the backlog of outstanding tree works and this sets out how the emergency works identified will be delivered, monitored and reported within the agreed timeframes. It provides details on finance and budgets, timeframes, procurement strategy, monitoring, governance, resource requirements and reporting.
- The Council has an ETRP Project Delivery team in place, responsible for reviewing the actions and outputs of the work streams and for the overall monitoring and progress of the ETRP. The team reviews the ETRP plan regularly and any changes required to meet the needs of the project were reported to the Project Board.
- The Council has four work stream (WS) working groups in place set up to address the objectives of the project which evolve as the progress progresses. A review of the meeting minutes confirmed that they were appropriate and included key monitoring activities to ensure the delivery of the programme.
- The Council has an ETRP Project Board in place, which meets monthly with minutes minuted and the performance reviewed through highlight reports presented to the Board. Our review of meeting minutes and highlight reports concluded that they were appropriate and key issues were discussed such as programme progress, procurement and performance monitoring (internal & external). A detailed review of current Arboriculture services provided by the In-House In house team is currently underway to determine the best approach for future tree services. The Gateway Zero - Options Appraisal report was to be presented to the Cabinet in June 2020 but due to the impact of Covid-19 will be presented to the Cabinet in September 2020 for the final decision.

#### **Key findings**

- Through ongoing service reviews and monitoring activities, it has been identified by the Council management that the in house team is significantly under resourced to carry out the required ongoing maintenance for the many ageing and growing trees across the borough
- The new backlog generated between October 2019 and April 2020, through tree inspections and resourcing gap, is further increasing on a monthly basis, due to the inability of in house team to complete the jobs allocated to them. As at April 2020, the new backlog generated stands at 2000 additional jobs.
- We recalculated the monthly KPI's within the "Performance Monitor" and highlighted several inconsistencies which resulted in a complete revision of the figures reported to the Project Board and senior management.
- The Senior Arboriculture officer does not retain any formal working papers on the KPI calculation for the purpose of data validation.
- We acknowledge that the two points above highlights the fact that there are two data sets at use between Client & In house teams, and that this is being designed out with the timed jobs completion process which is now underway.
- The Sponsoring group did not hold meetings as set out in the plan. Instead weekly updates were sent to the group. We note an additional layer of governance in place by way of weekly meetings between the Arboriculture and Tree Services Manager and Strategic Director of Environment and Leisure, for which updates are provided.

#### **Conclusion:**

Overall we have provided moderate assurance on the design of controls, as the Council has a good governance structure in place for tree management. However, we have provided limited assurance on the effectiveness of controls due to the need to address the backlog of cases and weaknesses in the preparation of KPIs.

<b>Looking forward: supporting the Council’s journey from moderate to substantial assurance</b>	
Design	<ul style="list-style-type: none"> <li>• Present an options appraisal report to the Cabinet at the earliest possible opportunity to determine the best approach for future tree services.</li> </ul>
Effectiveness	<ul style="list-style-type: none"> <li>• Ensure that appropriate working papers are kept and monitored to ensure that the performance monitoring KPI’s are reported to the Project Board and appropriately validated.</li> <li>• Ensure that the Tree Service team performance is monitored on the basis of the jobs allocated to them on a monthly basis rather than the jobs completed.</li> <li>• A column should be added in the performance monitor spreadsheet of the jobs unprocessed during the month.</li> <li>• All unprocessed jobs should provide a reason for the delay in a separate spreadsheet which is reported to senior management during the weekly meetings.</li> </ul>
<p><b>Follow up</b> We will follow up of the recommendations ahead of the next Audit, Governance and Standards committee.</p>	

HM41 VOIDS September 2020		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	1
		Moderate	Moderate	Medium	1
				Low	-
Purpose of audit	To provide assurance relating to controls over housing voids and timeliness of action to enable the re-letting of the property, including remedial works and checks.				
<p><b>Background:</b></p> <p>Effective property management, based on good information about population needs and demand for properties, is key to minimising empty housing, which improves the availability of homes for those who need them and reduces rental loss to Councils and registered social landlords (RSLs). Properties become “void” when the tenant moves out. The Council’s objective is to minimise void loss by promptly letting properties whilst continuing to implement its clean and safe ambition - essential works are only to be completed while the property is void and any additional works are completed shortly after occupation. Overall responsibility for the voids and lettings process in relation to Council homes rests with the Accommodation and Support team within the Resident Services division of the housing and modernisation department. The Council has been achieving a turn-around time of 28 days against a new Council plan target of 28 days. Further service improvements are planned to help meet other new targets. The Council had a Voids Management Group (VMG), co-sponsored by the Strategic Director of Housing and Modernisation and the Director of Resident Services. Membership of the group was made up of representatives from Asset Management, Finance, Housing options, and is chaired by the Supported Housing Services Manager. The group is responsible for managing project dependencies and ensuring that all deliverables are completed on time, within cost and to quality standards, resolving all high level project issues, escalating as appropriate, assessing risks and ensuring appropriate mitigating actions, monitoring and formulating work streams, development, testing, implementation, and communications. Housemark Consultancy was commissioned in 2018-19, to review the Council’s voids service from end-to-end, to help further improve performance and looked at processes, costs, and methodologies, with the aim of delivering a leaner voids service. Housemark also benchmarked the Council’s voids service and performance against its peer authorities.</p> <p><b>Good practice:</b></p> <ul style="list-style-type: none"> <li>• Comprehensive policies and procedures are in place for the management of voids.</li> <li>• Staff are provided on the job training and use the procedure guides for support.</li> <li>• KPIs are reported on each month and every quarter, which detail the letting of major and minor voids. The results are discussed between officers, directors and the leader of the Council.</li> <li>• Weekly meetings are held between the voids team and the Southwark Building Services team to discuss general themes and to resolve any outstanding issues in relation to specific voids.</li> <li>• There is an action plan in place for the progress of key recommendations raised in the Housemark Consultancy report.</li> </ul> <p><b>Key findings:</b></p> <ul style="list-style-type: none"> <li>• Key safes installed for void properties use a standard code for all types of the same accommodation, i.e. all general need properties have the same</li> </ul>					

code.

- Timeliness of addressing voids was identified in several cases:
  - For four void properties, the tenant had died and the “tell us once” notification was not passed to the voids team on a timely basis, ranging between two and four months.
  - For one property the tenant was evicted and the voids team was not notified by the Resident Service Officer for 12 days.
  - For one property the accompanying TT1 form was not completed sufficiently. For two properties, and despite a four week notice being given, a pre-termination inspection was not completed promptly.

**Conclusion:**

The service had comprehensive policies and procedures in place. They also produced and monitored performance and financial information on a regular basis. Due to the issues surrounding the key safe code security we have concluded a moderate assurance opinion on the control design. The service ensures staff completed on the job training to ensure they were able to undertake their roles effectively. The lessons learned from the Housemark Consultancy audit were being addressed and implemented. However, due to the exceptions identified when completing testing in relation to the voids notification process we have concluded moderate assurance for operational effectiveness.

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

Design	<ul style="list-style-type: none"><li>• Ensure that key safe code controls are updated to ensure there is a greater level of security.</li></ul>
Effectiveness	<ul style="list-style-type: none"><li>• Ensure that major works are completed in accordance with timescales.</li><li>• Processes are adapted to ensure the voids team are made aware of any change in occupation as soon as possible.</li></ul>

**Follow up**

We will follow up of the recommendations ahead of the next Audit, Governance and Standards committee.

## 5. SUMMARY OF RECOMMENDATIONS STATUS

All 218 high and medium category recommendations relating to 2014-15 to 2016-17 have been fully implemented or superseded.

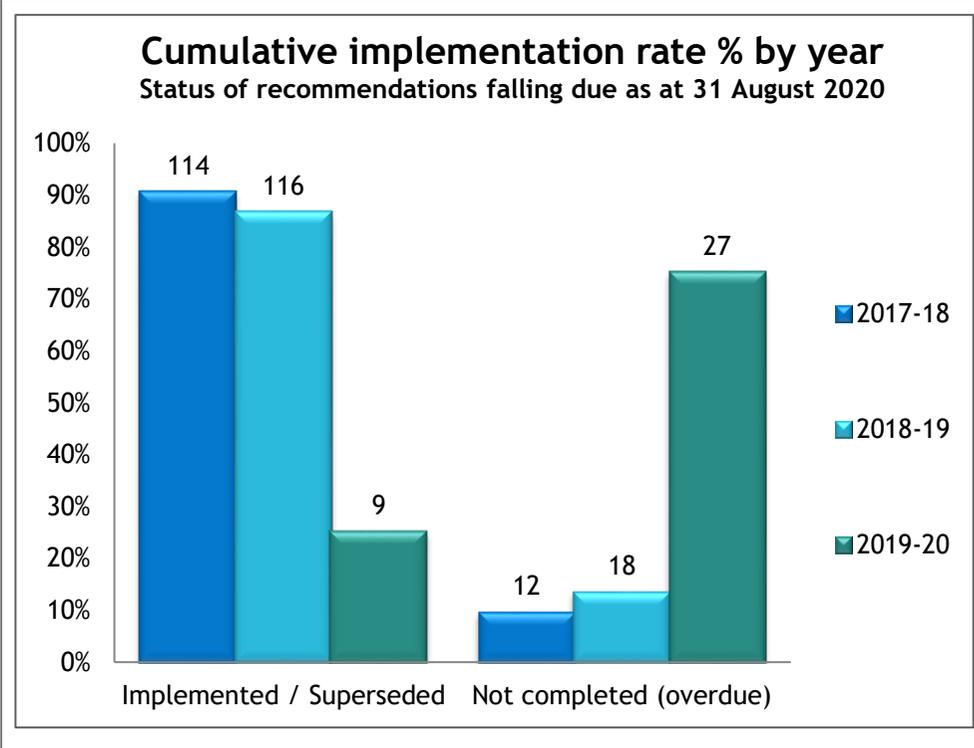
Of the 296 high and medium recommendations relating to 2017-18 to 2019-20 that have fallen due as at the end of August 2020, we have confirmed with reference to evidence that 240 have been fully implemented or superseded, representing 81%. The chart shows the relative percentages for each of the three years.

The Covid-19 pandemic has had a significant impact upon the Council's implementation of recommendations. We are in the process of obtaining updates, and a fuller picture will be provided to the November meeting of the Audit, Governance and Standards Committee.

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

Please note:

- *The table does not include audits previously reported as completed.*
- *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

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>Chief Executive's Department</b>									
2017-18 Land Charges	5	-	2	1	2	-	-	40%	<del>April 2019</del> <del>December 2019</del> Awaiting update
2018-19 Business Continuity Planning	7	-	2	-	3	-	-	40%	<del>July 2019</del> <del>October 2019</del> Awaiting update
2019-20 S106 Agreements	3	-	-	-	-	-	3	Not due	January 2021
<b>Children's and Adults Department</b>									
2018-19 Commissioning	3	-	1	-	2	-	-	33%	<del>November 2019</del> <del>February 2020</del> Awaiting update
2019-20 Community Equipment	1	-	-	-	-	-	1	0%	<del>April 2020</del> Awaiting update
2019-20 Mental Health Services	3	-	-	-	-	2	1	Not due	September 2020
2019-20 Mosaic (Learning Disabilities)	2	-	-	-	-	1	1	Not due	September 2020
<b>Environment and Leisure Department</b>									
2019-20 Materials	3	-	-	-	-	-	3	0%	<del>June 2020</del> Awaiting update
2019-20 Play Service	4	-	2	-	-	1	1	50% Not due (revised date)	<del>November 2019</del> January 2021

Audit Area	Total High & Medium recommendations due for implementation	Implemented		In progress at the follow up date		Awaiting update, revised date or evidence		% verified complete	Management Implementation dates
		H	M	H	M	H	M		
2018-19 Public Health - Health in all policies	3	-	-	-	-	3	-	Not due (revised date)	April 2020 August 2020
2019-20 Volunteer Management	5	-	-	-	-	-	5	0%	June 2020 Awaiting update
2020-21 Trees Management	2	-	-	-	-	1	1	Not due	September 2020 December 2020
<b>Finance and Governance Department</b>									
2019-20 Barrister's Framework	3	-	2	-	-	-	1	67%	December 2019 Awaiting evidence
2019-20 Data and Information Management	1	-	-	-	-	-	1	Not due	October 2020
2019-20 Direct Debit Payments	2	-	-	-	-	1	1	0%	April 2020 Awaiting update
2019-20 Home Ownership - Mortgages	3	2	1	-	-	-	-	100%	August 2020
2019-20 Home Ownership - Garages	3	1	-	-	1	-	1	0%	April 2020 Awaiting update
<b>Housing and Modernisation Department</b>									
2017-18 IT - Disaster Recovery	5	1	1	1	2	-	-	40%	April 2019 June 2019 October 2019 May 2020 Awaiting update
2017-18 IT - Network Security	8	1	3	1	3	-	-	50%	December 2017 October 2018

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		
									<del>June 2019</del> Awaiting update
2018-19 Housing Solutions - Applications and Allocations	3	-	1	-	2	-	-	33%	<del>September 2019</del> <del>January 2020</del> Awaiting update
2018-19 Temporary Accommodation	8	-	3	2	3	-	-	38%	<del>April 2019</del> <del>June 2019</del> Awaiting update
2019-20 Blue Badges	2	-	-	-	-	-	2	0%	<del>April 2020</del> Awaiting update
2019-20 Major Works	1	-	1	-	-	-	-	100%	<del>March 2020</del> August 2020
2019-20 Homelessness	5	-	-	-	-	1	1	60%	<del>May 2020</del> Awaiting update
2019-20 Shared ICT Service	1	-	-	-	-	-	1	Not due	February 2021
<b>Council Wide Reviews</b>									
2018-19 IR35	3	-	-	-	-	-	3	Not due	September 2020

## RECOMMENDATIONS NOT YET IMPLEMENTED

The tables below show the latest position with regards to the recommendations not yet implemented, where this has been provided. It excludes recommendations that have not fallen due.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<b>Chief Executive's Department</b>		
<b>2019-20 BUSINESS CONTINUITY PLANNING</b>		
<p>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><del>October 2019</del></p> <p><i>We will follow up again in January 2021, ahead of the February meeting of the Audit, Governance and Standards Committee.</i></p>	<p><b>Partially implemented</b></p> <p>COVID 19 has necessitated new ways of working with remote working playing a large role in maintaining our overall resilience.</p> <p>The pandemic has tested many aspects of our BC planning and all BC plans now need to be reflective of that learning. Each department will now need to review their individual business continuity plans together with a review of the existing overarching BC plan to ensure it remains relevant and fit for purpose.</p> <p>The BC steering group has been re-established as the overarching forum to coordinate departmental plans.</p> <p>To support the development of plans a new piece of BC software has been commissioned to hold the overarching BC plan and all departmental plans. This software is completely independent of our own systems.</p> <p>Since the last review of BC arrangements, departmental structures have been reviewed in particular the functions of the Place &amp; Wellbeing department being absorbed back into other departments.</p>
<p>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</p>	<p>Overall - Emergency Planning &amp; Resilience Manager</p> <p><del>June 2019</del></p> <p><del>October 2019</del></p> <p><i>We will follow up again in January 2021, ahead of the February meeting of the</i></p>	<p>As above</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>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>Audit, Governance and Standards Committee.</p>	
<p>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 include all relevant information, as per the template provided by the Emergency planning &amp; business resilience team.</p> <p><b>Medium</b></p>	<p>Overall - Emergency Planning &amp; Resilience Manager</p> <p><del>June 2019</del></p> <p><del>October 2019</del></p> <p>We will follow up again in January 2021, ahead of the February meeting of the Audit, Governance and Standards Committee.</p>	<p>As above</p>
<b>Environment and Leisure Department</b>		
<b>2019-20 PLAY SERVICE</b>		
<p>The undocumented arrangement should be formalised between Southwark Council and Idverde clearly setting out the roles and responsibilities of both parties and appropriate remuneration and what action should be taken in the event of either party forfeiting on their responsibilities.</p> <p><b>High</b></p>	<p>Contracts and operations group manager</p> <p><del>October 2019</del></p> <p><del>September 2020</del></p> <p>November 2020</p>	<p><b>Partially Implemented</b></p> <p>A draft agreement was provided to Idverde. It was sent to their head office for action but staff were furloughed due to Covid -19. It was re-sent on 27 August 2020.</p> <p>No room bookings have been processed since the lockdown commenced in March.</p>
<p>A strategy should be drafted based on the aims and goals of the service and the key targets set by the Council. This should include performance indicators to evidence how the service is performing.</p> <p><b>Medium</b></p>	<p>Contracts and operations group manager</p> <p><del>November 2019</del></p> <p>January 2021</p>	<p><b>Partially Implemented</b></p> <p>The outline strategy is in place and is being reviewed and updated by the Play Development Manager, supported by the play staff.</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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