INTERNAL AUDIT AND ANTI-FRAUD PROGRESS REPORT

London Borough of Southwark

For presentation to the Audit, Governance and Standards Committee

2 June 2021

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1. SUMMARY OF INTERNAL AUDIT WORK

Internal Audit

This report informs the Audit, Governance and Standards Committee of progress against completion of the 2019-20 internal audit plan (where deferred due to the Covid-19 pandemic) and the 2020-21 internal audit plan. It summarises the work we have undertaken, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards.

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 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. Due to Covid-19 and the late commencement of the plan, we will continue to complete fieldwork for audits to the end of May 2021and we are working towards a deadline of the end of June 2021 for all final reports relating to the 2020-21 plan to have been issued.

We continue to support the Council each month in the publication of its transparency data, by providing an independent check on the accuracy and completeness of reporting.

The schools internal audit programme was paused during 2020/21, with an emphasis upon concluding schools audits in progress when the first lockdown occurred in March to June 2020. A new programme of work has commenced from April 2021.

Audits that are in progress and their current status are summarised in section 3 of this report. Where reports have been finalised, the executive summaries are included in section 4.

Internal audit plan 2021-22

The 2021-22 internal audit plan has commenced with the current status outlined within section 3 of this report.

In respect of the schools internal audit plan, we have agreed a work programme with the Director of Education what will meet the assurance needs of the Council, whilst recognising that schools have faced significant pressure during the year and have remained closed for significant periods of time. This work is currently in progress.

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 ahead of each Audit, Governance and Standards Committee. A full schedule of recommendations falling due in the period is issued to each Departmental Management Team.

The implementation rate for previous recommendations has marginally decreased from 77% to 76%. This is lower than previous years, primarily due to the impact of Covid-19. We keep this under review, to ensure the Council is focusing on the higher priority recommendations.

However, there were several audits for which the required update was not provided by the date of reporting. The implementation rate may be higher than 76%, however without management responses and supporting evidence we cannot confirm this.

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.

The Anti-Fraud team has received over 325 referrals across Corporate Fraud, Covid-19 Grant payments, Housing Options and RTB.

The Anti-Fraud team has delivered bespoke training sessions at short notice to the Right to Buy, Social Home Purchasing Client Finance & Personal Budget Service and the Parking Permit team via Microsoft Teams in relation to using and interpreting credit reference data and document awareness.

Summary of investigations 2020-21 to date

The figures below represent the team's investigations since 1 April 2020 for the period to 31 March 2021.

2020-21	Corporate Anti-Fraud		Housing Waiting List		Right to Buy		COVID-19 Referrals	
	Open	Closed	Open	Closed	Open	Closed	Open	Closed
C/f	6		3		1		0	
April 2020	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	9	5
August	8	6	4	1	4	2	5	2
September	15	10	1	1	1	3	3	2
October	21	20	4	3	3	1	0	2
November	7	7	1	5	4	2	1	0
December	7	5	3	1	4	5	1	0
January 2021	20	22	51	53	2	1	1	3
February	11	5	2	4	6	3	2	0
March	7	17	4	4	5	3	2	0
Total	144	126	97	97	38	29	46	28

Summary of investigations 2020-21 to date

2021-22	Corporate Anti-Fraud		Housing Waiting List		Right to Buy		COVID-19 Referrals	
	Open	Closed	Open	Closed	Open	Closed	Open	Closed
C/f	**18**		**0**		**9**		**18**	
April 2021	**17**	*21*	**2**	*2*	**6**	*5*	**0**	*0*
May	**8**	*6*	**2**	*2*	**1**	*4*	**2**	*0*
Total	**43**	*16*	**4**	*4*	**16**	*9*	**20**	*0*

* Figures include investigations up to 17 May 2021.

Active investigations

There are 22 corporate, 20 Covid-19 grant and three Right to Buy cases under active investigation.

The NFI 2020-21 exercise commenced in January 2021 with the first batch providing over 4000 matches. So far over £600k has been identified for recovery during the report period, including the annual CT/ER matching exercise.

The national situation and emergency legislation in response to the Covid-19 pandemic, including a stay on any court possession proceedings saw restrictions on officers conducting visits, interviews and other face to face activities. The restrictions had an impact on visits in relation to Right to Buy (RTB) cases and interviews across all investigation types. As we come out of the restrictions AFIA will look to recommence interviewing under caution and progress those cases that have stalled.

Access to interview rooms throughout the pandemic and lockdowns has been restricted. This also includes periods when the rooms have not been available due to the Coroners Court and Elections in May. Anti-Fraud Team have been limited in conducting interviews under caution. We conducted two successful virtual interviews relating to staff investigations. We aim to work with facilities management to set up Police & Criminal Evidence, Codes of Conduct and Covid-19 compliant interview rooms.

Pro-active investigations

In December 2020 a proactive exercise commenced to support Housing Allocations. The purpose of the exercise was to identify and verify those applicants (48) who recorded a working star as part of their application. The exercise was completed in January 2021, which identified some cases that required further consideration by Housing Allocations.

Update on fraud response policy

The Council's Fraud Response Plan sets out in detail the Council's approach to identifying and dealing with potential fraud, the responsibilities of staff and the public in reporting suspicions of fraud, the approach the Council is committed to in investigating allegations of fraud, and the possible sanctions open to the Council when fraud is proven to have taken place, has been shared with the Strategic Director Finance & Governance and is awaiting feedback.

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

Grant update

Grant payments ceased in 2020-21. The data for COVID Small Business Recovery Grant (SBRG), Retail, Hospitality and Leisure Grant (RHLG) and Discretionary Grant payments has now been uploaded as part of the NFI 2020 exercise. The Cabinet Office released results of the Grant data matching on Friday 14 May 2021, which has resulted in 25 matches being referred for further investigation.

The following schemes final payment deadline was Friday 14 May 2021:
- LRSG (Open)
- LRSG (Sector)
- LRSG (Closed)
- LRSG (Closed) Addendum: Tier 4
- LRSG (Closed) Addendum (November)
- LRSG (Closed) Addendum: 5 January onwards – first six-week payment
- Closed Businesses Lockdown Payment

Training

The Fraud & Verification Officer has commenced accredited training with CIPFA and will complete the first module on Monday 17 May 2021. Once completed the new skills and knowledge will be used to further support the team providing greater capacity and capability.

The Fraud Trainee will commence the Fraud Technician course week commencing 24 May 2021 as part of the Professional Qualification Scheme for external training. This training will also add to the team's capability and capacity.

Whilst engaging with various stakeholders during investigations we identified a knowledge gap and subsequently identified the need for bespoke training including:

- Credit Reference Training for Social Home Purchasing on 6/10/2020
- Document awareness training for Client Finance & Personal Budget Service 11/2/2021
- Document awareness training for Parking Permit Team 18/3/2021

In addition, we will commence Document Awareness training to update benefit assessment teams and Housing Solutions during the week commencing 17 May 2021 for approximately 90 staff.

Other business

The Corporate Anti-Fraud Team case management system was successfully migrated to the new DA laptops and updated to the newest version. Working with partners in Trading Standards and Special Investigations Team (Housing) we have purchased and set up a new software providing effective and efficient analysis of banking and financial information and reducing the time spent by officers reading through banking documents.

3. SUMMARY OF WORK IN PROGRESS

INTERNAL AUDIT PLAN 2019-20

The table below excludes 23 reports previously reported as final (17 were included in our head of internal audit opinion issued in September 2020 and the other six reports have been finalised since. (NB: the reports finalised in this period had no impact on our annual opinion for 2019-20). Where the audits are shaded in grey these have been finalised since the last meeting of the Audit, Governance and Standards Committee and the executive summaries are included in section 4.

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Pensions Administration (Schools)	Director of Education Children's Services	15	✔	✔	✔ Final report	Moderate	Limited
Tenancy Management Organisations – Fair Community Housing Services	Director of Communities	25	✔	✔	✔ Updated draft report issued 30/10/20		
Tenancy Management Organisations – Falcon Point	Director of Communities	25	✔	✔	✔ Updated draft report issued 30/10/20		

INTERNAL AUDIT PLAN 2020-21

The table below includes the full plan for the year. Where the audits are shaded in grey these have been finalised since the last meeting of the Audit, Governance and Standards Committee and the executive summaries are included in section 4.

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
2020-21							
Tree Management	Strategic Director of Environment and Leisure	20	✔	✔	✔ Final report	Moderate	Limited

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
School Admissions	Director of Education	12	✔	✔	✔ Final Report	Substantial	Substantial
Troubled Families Grant	Director of Children's Services	24	A schedule of monthly audits is undertaken, on a sample of 10% of claims to be submitted. Claim target achieved, no further reviews required for the financial year 2020/21.			April to December 2020 completed. No exceptions identified.	
Customer Experience - Data Collection and Analysis	Director of Customer Experience	20	✔	✔	✔ Final Report	NA Advisory	
Community Infrastructure Levy	Director of Planning	15	✔	✔	✔ Final report	Substantial	Moderate
Customer Experience and Complaints	Director of Customer Services	15	✔	✔	✔ Final report	Substantial	Moderate
Corporate Credit Cards	Strategic Director of Finance and Governance	15	✔	✔	✔ Final report	Moderate	Limited
Litigation Protocols	Director of Law and Democracy	15	✔	✔	✔ Final report	Substantial	Moderate
Community Safety Partnerships	Director of Communities	15	✔	✔	✔ Final report	Substantial	Moderate
Bankline	Strategic Director of Finance and Governance	15	✔	✔	✔ Final report	Moderate	Moderate
Supported Accommodation – Family Hostels	Director of Resident Services	15	✔	✔	✔ Final report	Moderate	Limited
New Homes Programme	Director of New Homes Programme	15	✔	✔	✔ Final report	Moderate	Moderate
Substance Misuse Rehabilitation Service (SMRT)	Director of Adult Social Care	15	✔	✔	✔ Final report	Moderate	Moderate

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Software Asset Management	Director of Modernise	20	✔	✔	✔ Final report	Moderate	Moderate
Direct Payments	Director of Adult Social Care	15	✔	✔	✔ Final report	Moderate	Moderate
Demolition Process	Director of Customer Services	12	✔	✔	✔ Final report	Limited	Moderate
Accounts Receivable and Debt Management (Environment and Leisure	Directors of Exchequer, Environment and Leisure	15	✔	✔	✔ Draft Report issued 09/11/20		
Movement (Transport) Policy and Planning	Director of Transport	15	✔	✔	✔ Draft Report issued 05/01/21		
Climate Change	Strategic Director of Environment and Leisure	15	✔	✔	✔ Draft Report issued 27/01/21, updated for management response 17/05/21	NA Advisory	
Bupa Overpayments	Strategic Directors of Finance and Governance, and Childrens' and Adults	15	✔	✔	✔ Draft Report issued 26/04/2021	NA Advisory	
Travel Assistance	Director of Education	15	✔	✔	✔ Draft report issued 06/05/2021		
Housing Applications	Director of Customer Services	20	✔	✔	✔ Draft report issued 07/05/2021		

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
SAP Scheme of Delegation and Authorisations	Director of Exchequer Services	15	✔	✔	✔ Draft report issued 11/05/2021		
Supported Living	Director of Commissioning	15	✔	✔	✔ Draft report issued 21/05/2021		
Payroll and HR	Director of Exchequer Services	25	✔	✔	✔ Draft report issued 21/05/2021		
Treasury Management	Director of Exchequer Services	12	✔		✔ Draft report issued 21/05/2021		
Anti-facilitation of Tax Evasion	Strategic Director of Finance and Governance	15	✔	✔	✔ Reporting		
Accounts Payable	Director of Exchequer Services	15	✔	✔	✔ Reporting		
All Age Disability Service	Director of Adult Social Care	25	✔	✔	✔ Reporting		
Contracts Register	Director of Law and Democracy	25	✔	✔			
South Dock Marina	Director of Leisure	12	✔	✔			
Adoption Service	Director of Childrens Social Care	15	✔	✔			

INTERNAL AUDIT PLAN 2021-22

The table below includes those audits where planning work or fieldwork has commenced:

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
2021-22							
Financial planning and budget monitoring	Strategic Director of Finance and Governance	25	✔	✔			
Fraud protocols	Strategic Director of Finance and Governance	20	✔	✔			
Schools Budget and Financial Strategy - Cobourg Primary School	Director of Education	10	✔	✔			
Schools Budget and Financial Strategy - Comber Grove Primary School	Director of Education	10	✔	✔			
Schools Budget and Financial Strategy - Dog Kennel Hill Primary School	Director of Education	10	✔	✔			
Schools Budget and Financial Strategy - Rotherhithe Primary School	Director of Education	10	✔	✔			
Schools Budget and Financial Strategy - St Francesca Cabrini Primary School	Director of Education	10	✔	✔			
Schools Budget and Financial Strategy - St Joseph's Catholic Infants School	Director of Education	10	✔	✔			
Suspense Account Management	Director of Exchequer Services	15	✔	✔			

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
NNDR	Director of Exchequer Services	15	✔ Final				
Commercial Property Portfolio	Director of Regeneration	15	✔ Draft				
Customer Access Strategy	Director of Customer Experience / Director of Exchequer Services	15	✔ Draft				
Pensions Administration	Strategic Director of Finance and Governance / Pensions Manager	15	✔ Draft				
Supporting Families Grant	Director of Children and Families	15	✔ Draft				
TMOs - Cyclical Compliance Audits – Cooper Close	Director of Communities	10	✔ Draft				
TMOs - Cyclical Compliance Audits – JMB Leathermarket	Director of Communities	15	✔ Draft				
Covid-19 Expenditure	Strategic Director of Finance and Governance	15	Planning				
Older People's Services	Director of Adult Social Care	15	Planning				

4. EXECUTIVE SUMMARIES OF REPORTS FINALISED SINCE THE LAST MEETING

HM71 NEW HOMES PROGRAMME March 2021	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	3
	Moderate	Moderate	Low	2

Purpose of audit	To review the adequacy and effectiveness of the governance and reporting framework with regards to the new homes programme, and an assessment of the robustness of the plan to deliver the new homes target by 2022.

Background:

Cabinet established the Independent Housing Commission in January 2012 in order to secure an unbiased perspective and make recommendations and conclusions for an investment strategy of up to 30 years. On 16 July 2013 Cabinet considered the conclusions and next steps following community and stakeholder engagement and set out the Council vision to identify whether the potential for 11,000 new homes exists for delivery by 2043. Southwark and London in general face a housing shortfall that is particularly acute for genuinely affordable housing.

The draft London Plan sets out a ten year net housing completions target for Southwark to deliver 25,540 homes by 2028/29. With the plans for 11,000 new council homes, the council can make a significant contribution to this total through directly building new homes or building new homes in partnership, delivering the homes that the residents of Southwark need. Southwark continues to lose homes through the right to buy and not only must the Council replace these but also build more, to ensure future housing needs and those currently on the Council's housing waiting list are met.

On 27 January 2015 Cabinet agreed its new long term housing strategy for the borough including specific commitments to increase housing supply. This included building 11,000 new council homes for social rent by 2043, delivering the successor to `our 'warm, dry and safe' housing investment programme', as well as taking a longer term view of measures to improve the housing stock over the duration of the strategy. The council approved a council plan that commits to build at least 2,500 council homes by 2022. The agreed definition is 2,500 council homes onsite or build by May 2022 as the target. This is towards the overall target of 11,000 homes by 2043.

Acknowledging the importance of the programme as a key council priority, a Directorate of New Homes has been created to provide a sole focus on delivery of the programme and a Director of New Homes was appointed in July 2019, reporting to the Strategic Director of Housing and Modernisation. Delivery was previously part of the Asset Management Division.

As at the end of September 2020, the Council has delivered 677 new homes, 551 are under construction and a further 1115 council homes have planning permission. The Directorate believe that this reduces the risk of providing 2,500 council homes by May 2022 and this is reflected in the programme risk register for December 2020.

Good Practice:

- Good Delivery Programme Board minutes with an appropriate mix of management and operational staff in attendance
- Communication lines are effective between senior management and all staff
- The corporate risk register is reviewed and kept up to date for the new homes programme
- The programme risk register identifies risks, assesses, scores, mitigates and records residual risks, reviews these and is kept up to date
- Tender packages have been introduced to realise efficiencies for the Council and are more attractive to contractors.

Key Findings:

- Actions agreed in the Delivery Programme Board are not consistently being logged and follow up of these actions is not always undertaken to ensure these have been completed. There are no completion dates documented for the actions agreed
- The Project Manager's procedures need to be reviewed and updated to ensure all Project Managers are following the same project management procedures including the completion and monitoring arrangements for the Highlight Reports, documentation and frequency of site meetings, requirement to maintain a payment tracker and log of viability reports of schemes
- We reviewed four schemes (Flaxyard, Bell's Gardens, Pelier Street and Sceaux Gardens) and noted some financial differences between the Highlight report and Housing Investment Board report, incomplete documentation and the absence of residual risk scores after mitigations have been applied.

Conclusion:

Overall, we concluded moderate assurance over both the design and the effectiveness on the governance and reporting framework for the New Homes Programme. While good progress is being made, there is scope to improve the documentation and monitoring of schemes.

Looking forward: supporting the Council's journey from moderate to substantial assurance	
Design	• Add actions from the Delivery Programme Board onto an action log and ensure target completion dates are entered. The action log should be reviewed at each Delivery Programme meeting and updates sought for all outstanding actions due
	• Introduce structured senior management site visits to the schemes that can be monitored and the outcomes of the site visits reported to the Delivery Programme Board
	• Introduce a monthly meeting that is minuted regarding the results of the Highlight Reports and more information should be provided that the reports have reconciled appropriately with the formal financial records of the Council and if not provide the relevant commentary
	• Introduce action logs for project manager's / site meetings to ensure that they are captured and the completion dates are entered
	• Project Managers to hold a payment tracker of all expenditure paid for the scheme
	• All schemes produce an Optimix report showing whether they are still viable or not and these are updated on an annual basis and dated

	• Introduce a change control summary log for management review of all changes, carry out sample checking of these and ensure that staff use the same standard items for any Covid-19 changes.
Effectiveness	• An up to date delegated authority for approval of purchase orders and invoices should be available for Project Managers. • Project Managers' Risk registers to be updated to include residual / current risks. The risk register should clearly identify that the mitigations have been implemented.

FG22 **PENSIONS ADMINISTRATION (SCHOOLS)** MAY 2021	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	2
			Medium	1
	Moderate	Limited	Low	1

Purpose of audit	To review the controls and maintenance of records relating to pension administration of schools including timeliness, completeness and accuracy of the pensions data submitted by schools' payroll providers.

Background:

The Council has a Pensions Administration Strategy Statement for the London Borough of Southwark Pension Fund ("the Fund"). The December 2016 strategy statement has been updated and is due to be published in January 2021 following approval by the Strategic Director of Finance and Governance. The aim of the strategy is to ensure both the Administering Authority and employers are fully aware of their responsibilities under the Fund, and to outline the performance standards they are expected to meet to ensure the delivery of a high-quality and cost-effective pensions administration service. The London Borough of Southwark as the "Administering Authority" is responsible for the local administration of the Fund, which is part of the Local Government Pension Scheme ("the LGPS"). The Fund comprises over 50 employers and approximately 25,000 LGPS members in total (including active, deferred and pensioner members).

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

There are approximately 80 local authority schools that operationally are part of the London Borough of Southwark, but use separate payroll providers. In the main, the strategy applies to local authority schools, and they are required to provide information as if they are separate employers. The strategy sets out the respective roles and responsibilities of the employer and Administering Authority, and the expected timeframes associated with each area; for example, admission of new LGPS members, changes of circumstances, pension estimates, actual retirements and transfers, plus data returns and annual statements. There are also a number of KPIs included in the strategy.

Good Practice:

- Strategy and supplementary procedures are detailed and contained sufficient information on processes involved with managing the pensions for the schools and Council, including KPIs for the schools and Council
- i-Connect, the software used by the pensions team, automatically generated system tasks for all retirees
- The LPB meets on a quarterly basis and the minutes confirmed that performance data was reviewed and considered.

Key Findings:

- From reviewing the monthly reports generated from i-Connect detailing submission data from all schools over the months December 2019,

	January 2020 and February 2020, we identified that –
	- Out of the 311 total submissions, 266 were overdue and not submitted within the payroll period, the number of days overdue ranged from 2 days up to 136 days late. Submissions were made by 27 different payroll providers, with the majority of submissions being made by Strictly Education and EPM, with 150 and 57 submissions respectively. All 207 submissions were overdue - There were 782 errors identified by the i-Connect software from the data across the 311 submissions which were required to be resolved manually by the pensions team. The majority of errors were generated through submissions by Strictly Education, DataPlan and EPM, with 307, 188 and 81 respectively - Southwark and its actuary, AON, have provided extensive training and support to schools and payroll providers throughout 2019/20, but errors are still occurring - Schools are also not submitting all starter and leaver forms on a timely basis.

Conclusion:

Strategy, procedures and training are detailed and sufficient, so we have concluded a moderate assurance opinion on the control design.

Tasks were generated for all retirees and all but one starter and the Council's overall pensions data score increased from 90% to 94% between 2018 and 2020. However due to the schools not providing their submissions in a timely manner, the majority by Strictly Education and EPM, a significant number of submission errors, the majority by Strictly Education, DataPlan and EPM, and not receiving starter and leaver forms for all starters and leavers, we have concluded a limited assurance for operational effectiveness.

Looking forward: supporting the Council's journey from moderate / limited to substantial assurance	
Design	- Schools that consistently submit late reports should be monitored and contacted on a monthly basis to obtain reports and ensure future compliance with deadlines - The supplementary procedure guide should be updated with a version control and reviewed regularly.
Effectiveness	- The Strategy, including the supplementary guide, should be reviewed on a three yearly basis. We note a new version is due to be published shortly. - Monitor submission errors and pick out schools that repeatedly make mistakes, provide training to School Business Managers and report errors found back to the schools to ensure future errors are mitigated - Schools that haven't provided starter and leaver forms should be contacted and forms should be retained.

CAS10 SUBSTANCE MISUSE REHABILITATION SERVICE (SMRT) May 2021	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	1
			Medium	4
	Moderate	Moderate	Low	-

Purpose of audit	To review the adequacy and operational effectiveness of the control framework for the management of income and expenditure in relation to substance misuse rehabilitation service initiatives provided by the Council.

Background:

The Change, Grow, Live (CGL) Southwark adult drug and alcohol treatment service is available to anyone aged 18 years and above who lives in the borough of Southwark. The Southwark Substance Misuse Rehabilitation Team (SMRT) provides support to anyone experiencing difficulties with substances such as alcohol or drugs (prescription and illegal) and would like support with rehabilitation.

The SMRT service receives referrals from CGL. If the person is eligible for the service, the team carries out an assessment of the adult's needs and agrees a care plan recording what help would be available. The support programme offers usually a 12 week residential rehabilitation, non-residential rehabilitation programme and specialist counselling. The team meets with the adults on support regularly to assess their needs and record progress. If the care and support plan does not meet the needs or if there are new needs which were not assessed in the care plan, other care and support is provided.

As at the end of September 2020, the Council has delivered 677 new homes, 551 are under construction and a further 1115 council homes have planning permission. The Directorate believe that this reduces the risk of providing 2,500 council homes by May 2022 and this is reflected in the programme risk register for December 2020.

Good Practice:

- Referrals had been correctly received from Change Grow Live (CGL) and accurately recorded on Mosaic
- For the five care packages sampled an appropriate Care Act Assessment was in place
- Panel approval had been granted for all care packages tested
- For all active care packages sampled the invoices paid matched the purchase order and the amounts agreed by the Panel
- All extended care packages had been appropriately approved by panel.

Key Findings:

- Although there is a process map in place, the formally documented internal policies and procedures are insufficiently detailed
- From a sample of five care packages:
  - For two care packages the required Care Act Assessment was completed and signed off after Panel approval

	○ Three social worker reviews were completed and signed off after panel approval ○ Two DPS checklists were not fully completed and none had been recorded on Mosaic • From a sample of five invoices, in all cases the scheme of management had not been followed when authorising payments • From a sample of five care packages: ○ For two care packages, value for money information is not sufficiently detailed to confirm value for money is being achieved • Where packages were terminated prior to the agreed end date, in two out of three cases, the 'ceased temp' form had not been raised on Mosaic to ensure no further payments are made. • Through the introduction of documented policies and procedures, accompanied with staff awareness and training, the risk of non-compliance with requirements would be improved. **Conclusion:** There is a process map setting out steps to be taken but there is a need for clear and detailed documented policies and procedures, as well as improvements to the checklists used to ensure all necessary information is captured. Therefore, we have concluded a 'Moderate' assurance opinion on control design. While Care Act Assessments are being done, the required procedures for the recording and sign off and subsequent reviews are not being consistently adhered to and invoices are not being authorised in line with the scheme of management. As a result a 'Moderate' assurance opinion was reached on control effectiveness.

Looking forward: supporting the Council's journey from moderate to substantial assurance	
Design	• An appropriately detailed policy and procedure document needs to be designed and approved by senior management • DPS checklists should be redesigned to ensure that the details for recording on Mosaic are clearly stated and confirmed • Documentation confirming the DPS outcome should be recorded on Mosaic.
Effectiveness	• Authorisation of invoices should only be allowed in accordance with the Scheme of Management. • Staff should be reminded that in the case of early termination, the required 'ceased temp' form should be utilised and correctly completed. • Social workers should ensure that Care Act Assessments and subsequent reviews are completed and signed off before panel hearings.

CAS11 **DIRECT PAYMENTS** May 2021	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	3
	Moderate	Moderate	Low	1

Purpose of audit	To review The adequacy and effectiveness of the control relating to direct payments, and controls over the Allpay cards assigned to clients.

Background:

Any individual that has eligible needs under the Care Act is entitled to a Personal Budget (PB). PBs are an allocated funding mechanism to meet an individual's support needs, which is either managed by the Council, a third party, or the individual can receive the money as a Direct Payment (DP). DPs can be used to purchase the support needed to meet the outcomes identified in their care / support plan. The amount of money required to meet an individual's needs is calculated via a needs assessment and a planning process to ensure required outcomes are met.

Prepaid (Allpay) cards are used to pay PBs to individuals directly, so that they can purchase support directly and can be supported to do this by friends or family who can help them to manage their budget. A DP agreement is required between the council and the individual. Payments are made every four weeks. People in receipt of DPs may be required to pay a financial contribution towards their care, except where services are provided as aftercare under Section 117 of the Mental Health Act. Any client contributions need to be made direct into the Allpay account, but can also be paid via a dedicated bank account.

The individual's assigned social worker identifies an individual's needs and considers options available, deciding whether a direct payment is suitable, or whether a direct payment should be made via a third party.

Where PBs are managed by a third party, the PB is paid by the Council into the account of a third party individual or provider that holds the money for the person and purchases support on their behalf and under their instruction. An agreement between the Council and the third party is also required, and they will provide information to the Council to ensure that needs are being met. PBs can also be paid via a combination of the above methods and a DP agreement will be required for elements chosen as direct payment managed or third-party managed.

Individuals receiving DPs are required to submit monitoring information every month. Under the Adult Social Care Direct Payments Procedure, this should be followed up by the Council where individuals are not submitting this information, and further action taken when individuals consistently fail to provide monitoring information.

Social workers complete a minimum of an annual review of every person with a care package (to establish whether the care package is still appropriate) but also looking at individual spending. Allpay card spending should be reviewed monthly by the Council, however, this was not being done systematically prior to the monitoring officers coming into post from September to November 2020.

The Adult Social Care Direct Payments Procedure approved in February 2018 outlines the management of Direct payments processes.

The cohorts within Adult Social Care covered by this review were: All age disability, Learning disability, Mental health, Older peoples / physical disability (High cost and low cost packages).

Good Practice:

- A well designed control framework is in place for ensuring that only eligible clients receive a direct payment
- All 20 direct payments sampled were in place for individuals who were eligible for care with appropriate evidence retained
- Where misuse of funds have been identified measures were taken in line with the policies to ensure the funds were reclaimed in a timely manner
- Good progress is being made to ensure all direct payments are being monitored.

Key Findings:

- Fully completed and signed off direct payment agreements are not always in place before payment plans are set-up and payments made.
- From a sample of 20 direct payments, one client had not had an annual review to ensure their care needs remained relevant and the direct payment was adequate.
- From a sample of 20 direct payments which included All pay payments, third party transactions and self/individually managed payments the following was identified:
  - Required periodic monitoring had not been undertaken for two cases and on one occasion, the form had not been fully completed.
  - Where information was requested to support self/individual managed payments, this has had not been followed up
  - Where surpluses had been identified these had not yet been reclaimed.

Conclusion:

The control framework is generally strong and payments are being made to eligible individuals. However, our review identified areas where the controls in place were not being followed and operating effectively. Whilst the direct payment team has begun the process of completing the required monitoring of individual direct payments, at the time of the audit this remained incomplete. In addition, the required annual reviews of clients' needs is not being monitored and completed payment agreements are not always in place before funds are released. With regard to control design, there is an absence of a single up-to-date policy and procedural guidance document. We have therefore concluded a moderate opinion for both the control design and operational effectiveness.

Looking forward: supporting the Council's journey from moderate to substantial assurance	
Design	• The direct payment procedure document should be reviewed and updated to incorporate the flowchart currently in use.
Effectiveness	• The direct payments team should not issue a direct payment until they have checked that a signed agreement is in place. • The contract monitoring forms should be extended to include a check that relevant annual reviews are completed • Monitoring should be completed regularly in line with relevant policies and where problems are identified, such as build-up of surpluses, remedial action should be implemented in a timely manner and monitored monthly.

HM33 **DEMOLITION PROCESS** May 2021	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	1
			Medium	3
	Limited	Moderate	Low	-

Purpose of audit	To review the controls in place around housing demolitions from the perspective of My Southwark Home Owners (MSHO).

Background:

MySouthwark Homeowners (MSHO) Agency/Service was set up in December 2016. The Agency/Service provides a range of services to tenants and leaseholders and advocates an independent service established by the Council to advocate on behalf of Southwark homeowners to ensure legitimate housing related issues are properly addressed. The service aims to improve leaseholder satisfaction and was set up as a result of feedback from homeowners.

All the residents who live within a regeneration area receive a formal notice that the Council is proposing to demolish their home at some point in the future. MSHO serve demolition notices on behalf of the Regeneration Department who are responsible for all regeneration schemes. The demolition notices are served on affected tenants and leaseholders informing them that there is an agreed plan to demolish their home and explaining why this is necessary. The purpose of demolition notices are to either to suspend or end a qualifying tenant's Right to Buy (RTB) claim. They do not affect homeowners who have already bought their homes.

Demolition notices are issued in two stages:

1. Initial Demolition Notices (IDNs) – These are issued when the local authority intends to demolish the property but has not yet planned when it will take place.

2. Final Demolition Notices (FDNs) – These are issued to replace an Initial Demolition Notice and are issued when a date is set for the demolition to take place.

Both notices can be extended at the discretion of the Secretary of State. If MSHO decide not to demolish properties affected by a notice, a Revocation Notice is served.

Every demolition notice aims to: clearly identify the properties affected by it; explain the reasons why those properties have been earmarked for demolition; give a broad indication of when the properties will be demolished; provide the date when the notice or notices will cease to be in force; and ensure that compensation is paid for certain reasonable expenditure incurred in respect of existing Right to Buy claims.

Good Practice:

- The final demolition notice issued was served with the appropriate approval granted
- Tenants had received the relevant notices in a timely manner for all tenants sampled

- Demolition plans are effectively recorded on the Council's shared drive.

Key Findings:

- The procedure document relating to the issuance of the demolition process is insufficiently detailed

- The final and extended demolition notices issued were incomplete and therefore not in accordance with regulations. This potentially means that the notices served for the Aylesbury phase 2 and phase 3 developments are open to challenge

- There is no clear line of responsibility between the regeneration team and MSHO team for the monitoring and reporting of any issues in relation to the issuance of the demolition notices

- The extended demolition notices were issued prior to the required Secretary of State approval in writing, although verbal assurances had been received.

Conclusion:

Our review highlighted a number of areas where the control design was not sufficiently robust. In particular, policy and procedural guidance, together with demolition notice template designs and internal performance monitoring could be improved. Therefore, we have concluded a 'Limited' assurance opinion on control design.

Whilst the controls that are in place were being effectively implemented in relation to final notice approvals and resident notifications, these were not correctly applied where extension notices were subsequently required. As a result, a 'Moderate' assurance opinion was reached on control effectiveness.

Looking forward: supporting the Council's journey from limited / moderate to substantial assurance	
Design	- The policy and procedure document needs to be updated to ensure the processes for issuing the different type of notices are clear and distinguishable. - All templates relating to demolition notices should be reviewed and updated to ensure they are compliant with the relevant legislation. - An agreement between the MSHO team and Regeneration team should be reached and documented confirming the responsibility for monitoring regeneration plans.
Effectiveness	A management review process should be introduced to ensure the new procedures are adhered to.

IT10 SOFTWARE ASSET MANAGEMENT APRIL 2021	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	4
	Moderate	Moderate	Low	-

Purpose of audit	To provide assurance that there are systems and processes in place for software asset management and control.

Background:

Appropriate software asset management procedures are essential to ensure that software licenses are efficiently utilised and that the Council does not incur any additional costs. These procedures should not only include checks for software that is installed on the Council's Information Technology (IT) assets, but also include checks outside of the control of the Shared IT Service.

Unlicensed software use is illegal and can result in both civil as well as criminal penalties. It exposes business and consumers to security threats including malware, ransom ware, spyware and viruses, and leads to decreased efficiencies in organisations.

There are significant applications for Revenues and Benefits and Children & Adults for which the licensing is managed internally by the respective application owners. The Shared IT Service is responsible for supporting the helpdesk function and administration, but the Council is accountable for all software licences in use by the organisation.

Good Practice:

- The Hornbill service desk management tool has been deployed by the Shared IT Service to ensure that all software installations are logged through the service desk and installed software packages are kept up to date for security purposes.

- All software requests are raised through the Council's service desk tool and users do not have administrator rights. Local administrator accounts are only assigned to the application support team, the relevant members of staff within the Shared IT Service and/or the technical staff responsible for managing software in each service area.

- There is a Social Care ICT contract programme in place, which is managed by commissioning within Children and Adult Services and is reviewed monthly and presented to the Children and Adult Services Board for review.

- The Council has a Fairer Future Procurement strategy that sets out how contract spending can provide maximum benefit to the local area economy and residents. A Contract Standing Order has been established that sets out the minimum requirements to be followed for any procurement or tendering process, including an overview of the procurement process, the requirement to obtain quotes or tenders and the use of framework agreements and purchasing consortia.

- All requests for purchases of new software are initially made through the service desk application and are then required to be approved by

system and budget owners directly.

- The Council established a process that requires service owners to complete a 'SupportModel' form for requesting application support and recording who are the business and technical owners and how incidents are reported, which is then fed into the Council's documented application register.

- Microsoft licensing is controlled via an Enterprise Agreement (EA) with a third party vendor, Trustmarque. As part of the EA, the Council uses Microsoft True-Up, which is a flexible model used to record hardware and software products and update their licenses.

Key Findings:

- The Council does not have a defined policy or procedure in place for software asset management

- Not all applications in the Council's application register have been assigned an appropriate business owner nor is specific information about the software recorded in the register

- There are no procedures in place for involving central IT in the procurement of any software application

- Accountability for the SAP contract has not been assigned and there are no arrangements in place for reviewing and reconciling SAP licenses

Conclusion:

Based on our testing, we raised four medium priority recommendations to improve the Council's software asset management procedures. Whilst the Council has arrangements in place for managing software applications, the gaps identified in the application register, the absence of a defined software asset management policy and the absence of appropriate license reconciliation exercises could impact the Council's ability to manage its software assets effectively and increase the risks of using insecure or unsupported software and potential licensing over or underspending. Consequently, we conclude moderate assurance over both the design of the Council's software asset management controls and their operating effectiveness.

Looking forward: supporting the Council's journey from moderate to substantial assurance	
Design	• Put in place standardised policies and procedures for software asset management
	• Ensure that there is a standardised approach that requires the Central IT team's involvement and/or approval for the procurement of software
	• Review the application register on a regular basis and put in place arrangements for regular reporting to the Head of IT applications with regards to changes to software used by the Council's service areas.
Effectiveness	• Review and, where necessary, update the application register to ensure that it records all relevant details for each software asset
	• Ensure that software licenses are reviewed and appropriately reconciled on a regular basis
	• Implement a software asset management tool to standardise the Council's software asset management controls.

5. SUMMARY OF RECOMMENDATIONS STATUS

Of the 338 high and medium recommendations relating to 2017-18 to 2020-21, that have fallen due as at the end of April 2021, we have confirmed with reference to evidence that 257 have been fully implemented or superseded, representing 76%. The chart shows the relative percentages for each of the four years.

The implementation rate for previous recommendations has marginally decreased from 77% to 76% since the last report to the Committee. There are some longstanding recommendations from previous years that remain to be implemented.
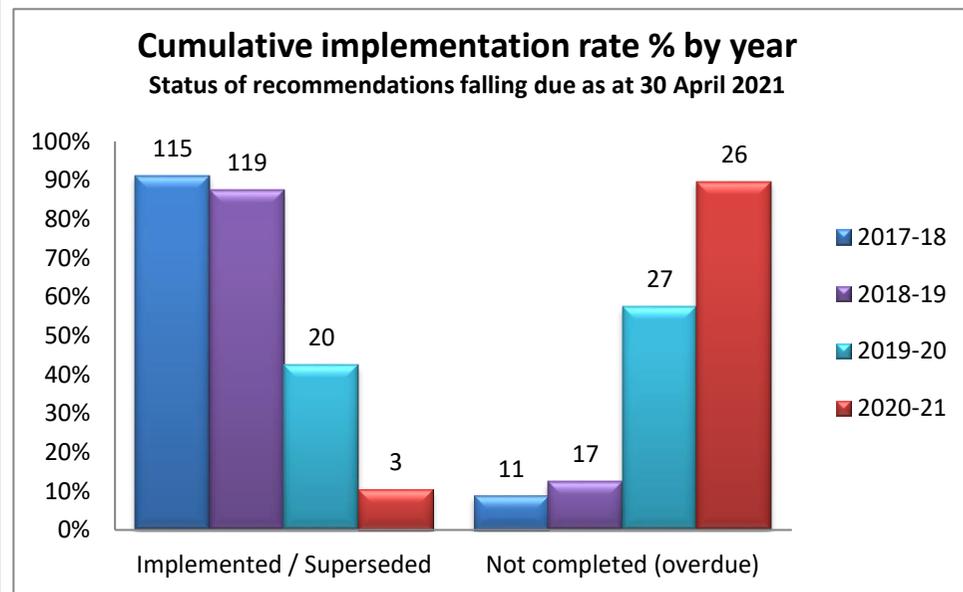
The implementation status of each internal audit is summarised in the table overleaf.

There were several audits for which the required update was not provided by the date of reporting, which are indicated on the summary.

The implementation rate may be higher than 76%, however without management responses and supporting evidence, we cannot confirm this.

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).*

Cumulative implementation rate % by year
Status of recommendations falling due as at 30 April 2021

Implemented / Superseded: 2017-18: 115, 2018-19: 119, 2019-20: 20, 2020-21: 3
Not completed (overdue): 2017-18: 11, 2018-19: 17, 2019-20: 27, 2020-21: 26

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		
Chief Executive's Department									
2017-18 Land Charges	5	-	2	1	2	-	-	40%	~~April 2019~~ ~~December 2019~~ Awaiting update
2018-19 Business Continuity Planning	7	-	2	-	3	-	2	40%	~~July 2019~~ ~~October 2019~~ ~~January 2021~~ Awaiting update
2019-20 S106 Agreements	3	-	-	-	-	-	3	0%	~~January 2021~~ Awaiting evidence
2020-21 Building Control	3	-	-	-	-	-	3	Not due	June 2021
2020-21 Records Management	1	-	-	-	-	1	-	0%	~~March 2021~~ Awaiting update
2020-21 Community Infrastructure Levy	1	-	-	-	-	-	1	0%	~~December 2020~~ Awaiting update
Children's and Adults Department									
2018-19 Commissioning	3	-	1	-	2	-	-	33%	~~November 2019~~ ~~February 2020~~ Awaiting update
2019-20 Mental Health Services	3	-	-	-	-	2	1	0%	~~September 2020~~ Awaiting update
2019-20 Mosaic (Learning Disabilities)	2	-	1	-	-	1	-	50%	~~September 2020~~ Awaiting update

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		
2019-20 Appointeeships	3	-	-	-	3	-	-	0%	~~September 2020~~ Awaiting evidence
2020-21 Foster Carer Payments	4	-	-	-	-	-	4	0%	~~December 2020~~ Awaiting update
2020-21 Payments to Children and Families	3	-	-	-	-	1	2	0%	~~January 2021~~ Awaiting update
2020-21 Substance Misuse	5	-	-	-	-	1	4	Not due	October 2021
Environment and Leisure Department									
2019-20 Materials	3	-	1	-	2	-	-	33%	~~June 2020~~ ~~April 2021~~ June 2021
2018-19 Public Health – Health in all policies	3	-	1	-	2	-	-	33%	~~April 2020~~ Awaiting evidence
2019-20 Volunteer Management	5	-	-	-	2	-	3	0%	~~June 2020~~ ~~January 2021~~ Awaiting update
2020-21 Enforcement	3	-	-	-	2	-	1	0%	~~August 2020~~ ~~January 2021~~ Awaiting update
2020-21 Parks	2	-	-	-	2	-	-	0%	April 2021
Finance and Governance Department									
2019-20	2	-	-	-	-	1	1	0%	~~April 2020~~

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		
Direct Debit Payments									Awaiting update
2019-20 Home Ownership - Garages	3	1	-	-	1	-	1	33%	~~April 2020~~ ~~January 2021~~ Awaiting update
2020-21 Records Management	1	-	-	1	-	-	-	0%	~~March 2021~~ July 2021
2020-21 Corporate Credit Cards	4	-	-	-	-	-	4	0%	~~March 2021~~ Awaiting update
2020-21 Bankline	3	-	-	-	-	-	3	0%	~~April 2021~~ Awaiting update
Housing and Modernisation Department									
2017-18 IT – Disaster Recovery	5	1	2	2	-	-	-	60%	~~April 2019~~ ~~June 2019~~ ~~October 2019~~ ~~May 2020~~ July 2021
2017-18 IT – Network Security	8	1	3	1	3	-	-	50%	~~December 2017~~ ~~October 2018~~ ~~June 2019~~ ~~September 2020~~ ~~April 2021~~ On going
2018-19 Housing Solutions – Applications and Allocations	3	-	1	-	2	-	-	33%	~~September 2019~~ ~~January 2020~~ December 2020 Awaiting evidence

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 Temporary Accommodation	8	2	3	1	3	-	-	63%	~~April 2019~~ ~~June 2019~~ ~~November 2020~~ ~~February 2021~~ September 2021
2019-20 Blue Badges	2	-	1	-	1	-	-	50%	~~April 2020~~ September 2021
2019-20 Homelessness	5	1	2	1	1	-	-	60%	~~May 2020~~ Awaiting evidence
2020-21 Supported Accommodation	3	-	-	-	-	2	1	0%	~~March 2021~~ Awaiting update
2020-21 Software Asset Management	4	-	-	-	-	-	4	Not due	March 2022
Council Wide Reviews									
2018-19 IR35	3	-	-	-	1	-	2	33%	~~January 2021~~ Awaiting update

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
Finance and Governance Department		
2020/21 – Records Management		
a) 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 the Council's information assets were identified, with appropriate and specific information added to the asset registers. b) A central inventory record should be maintained and reviewed annually. c) Mapping of all information held needs to be completed. Management should develop and draft a more detailed plan and timescale for cleansing and mapping existing information. Following this, we recommend that the achievement of the actions recorded is regularly reviewed, as part of team meetings within Corporate Services, to ensure they stay on track and remain relevant. Once a complete map of information is developed and relevant cleansing and migration has taken place, these should be reported to the SMT. d) Management should review the process in place for ensuring that registers are completed and consider the introduction of an information request on a regular basis, for example monthly, to identify all departments that have not completed registers. The process should also outline specific action to be taken where staff are	Information Governance Manager ~~31 March 2021~~ July 2021	We were advised by the Director of Law and Governance that: a) The IG team started to oversee this action in February 2021, however, the IG&SG was disbanded in February 2021 and has not yet been replaced. The IG team are currently working directly with contacts across the council's departments. b). This commenced in February 2021 and is expected to be completed by June 2021. c) The IG team have not started this review but will action in May/June 2021 to meet the revised 2021 deadline for DSP toolkit, which is 30 June 2021. d) Mechanism already in place. e) Most recent update to retention schedule was issued on intranet in March 2021, increasing awareness levels is an ongoing action for 2021/22. f) The IG team are requesting quotes for additional modules to be introduced during 2021/22.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
persistently not completing registers in a timely manner. e) Management should ensure that the policy and retention schedule is appropriately communicated to all the asset owners through staff bulletins or other communication channels. f) Management should develop a mandatory eLearning module relating to record management which should be completed annually by all staff to ensure they acknowledge and understand their responsibilities relating to record management and a formal record of this be kept. **High**		
Housing and Modernisation Department		
2017-18 IT Network Security		
All devices that are running unsupported operating systems should be upgraded to operating systems that are supported by the developer. Where it is not possible to upgrade the operating system of a device, it must be isolated from the Council's IT network and appropriate security controls should be implemented. High	Enterprise Architect – IT Shared Services. ~~October 2017~~ ~~May 2019~~ ~~September 2020~~ September 2021	We were advised by the Enterprise Architect that this will not be fully completed until the DC migration in September 2021. The work is ongoing as part of the DC migration project. Windows 2003 are being decommissioned or will need upgrading as they cannot be moved to Azure. Windows 2008 can be moved to Azure and supported for 2 more years. There are still Windows 2000 7 Windows 2003 112 Windows 2008 276 Windows 7 439 Windows xp 5

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
		XP and windows 7 Being replaced by Windows 10 Laptops or Small form factor PC. ESU can be purchased to extend support of windows 2008 and windows 7. Another option is Trend Micro One, which can be used to provide virtual patching for all OS's except windows 2000.
Management should establish a complete record of the Council's firewall rules, which includes but is not limited to: • The service that the firewall rule supports, including the owner of the service • Whether the rule allows for inbound, outbound or both connections • The expected levels of traffic for the rule. Furthermore, a full review of the Council's internal and external firewall rules should be performed and, where necessary, insecure or redundant rules should be removed. **Medium**	Enterprise Architect – IT Shared Services. ~~October 2017~~ ~~May 2019~~ ~~September 2020~~ October 2021	We were advised by the Enterprise Architect that a business case was raised to finance some work to carry out a review of all the firewall rules. As it would ideally need someone with experience of the firewall and the business to ensure that all the rules had a business reason and were documented appropriately. The shared service partners felt it should be carried out as part of BAU, this was then going to happen after the restructure within SICTS as put forward by Methods as part of their work reviewing the shared service. The restructure is currently in Progress. Many of the rules will be reviewed during the migration to the Azure cloud as they will need to be modified as part of the migration process.
2018-19 Temporary Accommodation		
a) Management should have formal agreements with landlords and agents that state the standards expected by providers of private properties. The Council is currently in the process of deciding on a suitable property procurement framework in collaboration with the legal department (discussed in finding 8). The requirement for a formal agreement can be discussed and the best course of action decided upon as part of any new procurement process. The Council then needs to determine a cost effective way of verifying the standards provided. b) Management should review the procedure for the incentive payments to landlords and ensure there is a	Overall – Manager, Housing Solutions Support - Procurement Officers, Placement Officers; Visiting officer, Resettlement officers, Reviews officers ~~January 2019~~ ~~July 2019~~ ~~June 2020~~ ~~November 2020~~ ~~February 2021~~ TBC	We were advised by the Head of Housing Solutions that: a) This has now been fully implemented across 12 out of 47 nightly paid providers. Service still working with all providers to ensure all nightly paid providers comply with setting the standard. Service now moving away from nightly paid providers and working towards greater usage of leased properties. b) This has been implemented and evidenced.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
formal policy and agreement with the providers regarding the Council's right to claw back payments. The criteria and recourse specifics for such action should be clear to landlords. Staff should also be informed to be able to implement the policy consistently. This can also form part of the current discussions regarding the procurement framework. **High**		
2019-20 Housing Solutions – Homelessness		
Should the contracts continue past the 31 March 2020, housing solutions should ensure that key contract clauses identified in the finding are incorporated in the signed contract and that performance targets are set and agreed by both parties in the Shelter and Solace agreements. **Medium**	Head of Housing Solutions and Housing Solution Manager ~~Review in January 2020~~ TBC	We were advised by the Head of Housing Solutions that the shelter and solace contracts are signed until 31 March 2022. Section 12.3 of the Shelter contract sets out the data to be provided against the outcome framework. As this is the first year of the KPI reporting no specific targets have yet been set but would be set next year if the contract is extended and depending on this year's performance. Performance data received quarterly. Specific KPIs and targets remains outstanding and would need to be implemented if the contract is extended further. Section 3 of the Solace contract covers reporting requirements. Performance data is sent through on a weekly basis and includes the number of cases triaged, number allocated TA. Specific KPIs and targets remains outstanding and would need to be implemented if the contract is extended further. The impacts of covid-19 through the year along with changes at senior management level in housing solutions left too little time to revise the contracts. We are awaiting evidence to confirm this.
A structured approach to business continuity including the development of a business continuity plan is put in place;	Housing Solution Manager January 2020	We were advised by the Head of Housing Solutions that the majority of the continuity plan is captured in the Homelessness Strategy 2018-22

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
This may include for example: a. Use of Housing Solutions past experience in participating in pilot schemes to lobby government for more government funding; and b. Coordinate with other local authorities in securing more sources of permanent funding from central government. **High**	TBC	including using our strong reputation for lobbying the government for further funding. Housing Solutions produced a report "Special Budget 2020-21 efficiency savings proposals from Housing Solutions" setting out how the budget for the service could be achieved in the 2021-22 year but this did not provide a longer-term continuity arrangement. The government continues to make short-term funding available in a reactive approach to covid, making continuity planning challenging. Although further grant-funded opportunities do emerge regularly. Work to produce this as a stand-alone document remains outstanding and will be prioritised during 2021-22 year. This will be co-produced with finance. We are awaiting evidence to confirm this.
2019-20 Materials		
Where actions are raised in relation to social value, these should be included within the agreed actions and monitored by the Strategic Core Group. The council should seek to confirm the number of apprenticeship and work experience slots and compare these against an expected standard. Evidence should also be received detailing that staff are paid the London Living on a quarterly basis to ensure the contractor is meeting its requirements under the Fairer Future Procurement strategy. **Medium**	SBS Business Service Manager ~~April 2021~~ June 2021	We were advised by the SBS Business Service Manager that they are continuing to assess the supplier's evidence on their programme for the Construction Youth Trust and additional activities for social value. This will be formally reordered as an agenda item at the next strategic core group meeting. This being held on Tuesday 28 April. Due to COVID-19 restrictions, they have not been able to pursue with apprentices placements within TP branches. This will be discussed at the next Strategic Core Group meeting on the 28 April.
Children and Adult's Services Department		
2019-20 Appointeeships		

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
1) The Client Finance Mosaic module should be finalised and training provided to staff as soon as possible. 2) The Council's senior management should liaise with NatWest Bank UK in advancing the introduction of real time client bank accounts and the new system should be implemented by Client Finance as soon as possible. **Medium**	Service Development Manager July 2020	1) The Service Development Manager advised that the Client Affairs Team staff have been trained. Weekly drop-in session are held with staff to pick up queries about the workflow and to share learning. Suggestions for improvements to the system are also enabled by the sessions. Training provided is still on offer to operational staff as part of inductions as well as refreshers for existing staff. This is being coordinated through the Client Affairs Working Group, a cross-divisional engagement group, involving Client Affairs Team and operational teams. These sessions allow the Client Affairs Team to provide feedback to operational teams on information that is being submitted incorrectly on, or missing from, the workflow forms. 2) Corporate Banking has confirmed that the necessary permissions can be granted through the current Royal Bank of Scotland / NatWest Client Money System (CMS) to allow online payments for deputyship accounts. The Client Affairs Team is working to put in place the correct delegated authority levels (in line with the Children's and Adults' Services Scheme of Management). For, Appointeeships accounts the clients' accounts will need to be migrated by Royal Bank of Scotland / NatWest from "virtual" accounts to "actual" accounts (as is the case for Deputyship accounts). Corporate Banking is supporting Client Affairs on this. We are awaiting evidence to confirm this.
1) Evidence of individual client account reconciliations and affordability checks should be saved and stored on the client file for audit trail and transparency. 2) Client Finance in consultation with the Social Work Team should agree a standard approach for the production of client account statements if this is beneficial for budgeting and planning purposes. 3) Client CMS pooled account reconciliations should be carried out on a monthly basis and in a timely manner for example within three weeks of the month end. **Medium**	1) Service Development Manager July 2020 2) Service Development Manager July 2020 3) Service Development Manager September 2020	1) Preparation of individual statements for saving in individual records is happening and the records show £2.6m in Inter Account Transfer generated from these records. Implemented 2) Templates for individual client account statements have been devised/developed. Implemented 3) Individual reconciliation records saved in individual clients' accounts by Client Affairs Team as excel files that include adjustments for known commitments. Also, functionality now in CMS system to provide an aggregate download of all accounts.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
		Selected operational staff members now given read-only access to CMS to check balances of service-users' accounts. Statements are produced for operational manually in Excel by Client Affairs Team from downloads of CMS data. Request made to RBS / NatWest to stop automatic sending of paper statements because format doesn't add value to info that can be printed or downloaded from the portal The reconciliations of accounts are now happening more frequently. The aim for 2021/22 is to do this as part of a monthly cycle. We are awaiting evidence to confirm this.
1) Client Finance review the 72 hour appointeeship referral processing target and consider its achievability to ensure it acts as a motivator to staff. 2) The Social Work Team should ensure that the induction programme for new staff reiterate the procedure for submitting referrals to Client Finance and reminders should be issued to all staff periodically by the Social Work Team and Client Finance. 3) Client payments should be approved in a timely manner for example within two days of preparation of the payment journal. 4) A standard template for personal budgets is developed and used in requesting client expenditure payments to Client Finance. **Medium**	1) Service Development Manager July 2020 2) Service Development Manager July 2020 3) Service Development Manager September 2020 4) Service Development Manager July 2020	Performance target on 72 hour turnaround to be introduced for 2021/22 Service Development (Personal Budgets and Client Finance) Unit Plan. Target will become more achievable as capabilities and data quality on referrals module improve. Recommendation in progress.

APPENDIX 1

OPINION SIGNIFICANCE DEFINITION

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

FOR MORE INFORMATION:

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