



LONDON BOROUGH OF SOUTHWARK

DRAFT INTERNAL AUDIT PLAN

2019-20

CONTENTS

	Page
1. Audit risk assessment	3
2. Mapping your corporate risks to the internal audit strategy	5
3. Internal audit plan 2019-20	9
4. Internal audit plan summary 2019-20	19
5. Internal audit strategy 2019-20 to 2021-22	20
Appendix - Internal audit charter	29

1. AUDIT RISK ASSESSMENT

1.1 Background

BDO has been appointed as internal auditors to the London Borough of Southwark to provide the council with assurance on the adequacy of internal control arrangements, including risk management and governance. Our role at the council will also be aimed at helping management to improve risk management, governance and internal control, so reducing the effects of any significant risks facing the organisation.

We report to the strategic director of finance and governance, as the council's section 151 officer, and the director of finance on an operational basis. The Engagement Partner, Greg Rubins, is the council's Chief Audit Executive.

Responsibility for the council's internal control arrangements remains fully with management, who should recognise that internal audit can only provide 'reasonable assurance' and cannot provide any guarantee against material errors, loss or fraud.

Our risk based approach to Internal Audit uses the council's own risk management process and risk register as a key element for audit planning as this represents the council's own assessment of the risks to it achieving its strategic objectives.

The extent to which we can rely on management's own perception of risk largely depends on the maturity and effectiveness of the council's own risk management arrangements. In estimating the amount of audit resource required to address the most significant risks, we have also sought to confirm that senior management's own assessment of risk accurately reflects the council's risk profile. This has been achieved through a combination of attendance at department management team meetings and meetings with strategic directors, directors and heads of service.

In producing the internal strategy for the three year period to 2021-22 and the specific operational audit plan for 2019-20, we have sought to further clarify our initial understanding of the operations of the council with its risk profile in the context of:

- The council's corporate plan for 2018-19 to 2021-22, fairer future promises and commitments that support their achievement
- The key challenges facing the council, including financial pressure and resource constraints
- The objectives and priorities of individual departments and associated risks
- The key areas where management wish to monitor performance and the manner in which performance is measured
- The financial and non-financial measurements and indicators of such performance

1.2 Planned approach to internal audit 2019-20

The indicative Internal Audit programme for 2019-20 is shown from page 9, with an indicative strategic plan for 2020-21 and 2021-22 shown from page 20.

The plan has been circulated to the chief officers team, before being presented to the Audit, Governance and Standards Committee on 11 February 2019. We will keep the programme under continuous review during the year and will introduce to the plan any significant areas of risk identified by management during that period.

The plan is set within the context of a multi-year approach to internal audit planning, such that all areas of key risks would be looked at over a three to five year audit cycle.

1.3 Individual audits

When we scope each review, we will reconsider our estimate for the number of days needed to achieve the objectives established for the work and to complete it to a satisfactory standard in light of the control environment identified within the council. Where revisions are required we will obtain approval from the appropriate Director prior to commencing fieldwork.

In determining the timing of our individual audits we will seek to agree a date which is convenient to the council, which ensures availability of key management and staff.

As we undertake planning for each audit, we will also work with the council's anti-fraud team to identify areas to include to provide assurance on the management of the risk of fraud.

1.4 Variations to the Plan

We review the strategic plan each year to ensure we remain aware of your ongoing risks and opportunities. Over the coming pages we have mapped your key risks along with the audit work we are undertaking, demonstrating we are focussing on your most important issues. As such our strategic audit programme follows the risks identified during our planning processes and confirmed via discussions with management.

Where changes to the planned audits are required during the year, for example in response to new risks or management concerns, these will be agreed with the departmental directors and strategic director of finance and governance and reported to the Audit, Governance and Standards Committee.

2. MAPPING YOUR STRATEGIC CORPORATE RISKS TO THE INTERNAL AUDIT STRATEGY

Council Ref.	Strategic risks from the council's corporate risk register	2017-18 & 2018-19	2019-20	2020-21	2021-22
CR0001	The continued uncertainty regarding local government funding beyond 2018-19 presents the s.151 officer with a challenge in terms of being able to recommend balanced budget proposals which meet the council's priorities and ambitions.	Financial planning and budget monitoring Budget recovery board Better care fund	Budget recovery board		
CR0002	The cessation of or significant reduction in a council support service including key infrastructure now and in the future causes disruption to a range of front line and back office service delivery across the council arising especially as a consequence of budget reductions.				
CR0003	The increasing need for and cost of demand led services such as social care, social housing, No Recourse to Public Funds and temporary accommodation results in significant overspends against budget.	Housing allocations Temporary accommodation	No recourse to public funds		
CR0004	Delays in paying claimants Universal Credit during the transition to it results in housing rent and other personal debt, and increased demand for other council services and consequential unfunded pressures.	Housing benefits and universal credit	Housing benefits and universal credit	Housing benefits and universal credit	Housing benefits and universal credit

Council Ref.	Strategic risks from the council's corporate risk register	2017-18 & 2018-19	2019-20	2020-21	2021-22
CR0005	Core business systems may become unavailable for prolonged and unpredictable periods of time across the whole council, impairing service delivery performance and impacting on resident satisfaction, the reputation of the council and staff motivation.	Business continuity planning IT disaster recovery IT change controls		IT disaster recovery	
CR0006	Unforeseen events and/or adverse public reaction to council programmes results in the failure of (or the serious delay to) key regeneration or direct delivery projects causing damage to the council's ability to meet the borough's long term housing and investment needs and resulting in short term financing or funding implications for the council.	Major regeneration programmes & projects	Major regeneration programmes & projects		Major regeneration programmes & projects
CR0007	The housing market in London adversely impacts on the council's financial arrangements and its ability to manage temporary accommodation, homelessness and housing investment.	Housing investment Temporary accommodation	Homelessness Housing revenue account		
CR0008	An emergency occurs which affects critical services and the council's ability to deliver business as usual.	Emergency planning and resilience		Emergency planning and resilience	
CR0009	Legislative changes and issues arising from Brexit affecting the council's and its partners' ability to meet the demand for services and/or take advantage of opportunities and/or deal with increased threats due to lack of capacity leading to reduced performance and increasing costs.			Commercialisation	

Council Ref.	Strategic risks from the council's corporate risk register	2017-18 & 2018-19	2019-20	2020-21	2021-22
CR0010	The data held and managed by council departments and its partners is neither appropriately shared nor used in an optimal way, hindering possible improvements and efficiencies in service delivery and resulting in potential risks to service users or employees.		Data and management information Records management		
CR0011	Process, control, or management failure particularly during periods of significant change and ongoing funding reductions leads to a fraudulent activity resulting in financial consequences for the council.	Our internal audits for individual departments focus on the adequacy and effectiveness of the control environment to manage key financial and operational risks to service delivery and attainment of key targets, prevention of fraud and financial management.			
CR0012	Failure to ensure management action is taken, so that appropriate capacity and skills to deliver change are maintained through periods of reorganising and downsizing, which results in knowledge gaps, poor handover of contract management responsibilities or other consequences.	Our internal audits for individual departments and systems include consideration of the roles and responsibilities for delivery of services and ensuring the control framework is maintained, including contract management and other requirements on the service.			
CR0013	Failure on the part of the council or its partners to properly adhere to data processing legislation / regulation, [which] results in breaches when data is shared inappropriately leading to risk to individuals, ICO intervention and consequential financial penalties and reputational damage.	Information governance Data protection / GDPR Multi-agency working / data sharing	Records management		
CR0014	Failure to invest appropriately in the maintenance or management of the council's assets or a sudden and unforeseen event which may give rise to unacceptable future liabilities.	APEX asset management system Repairs and maintenance	Statutory disrepairs Voids		

Council Ref.	Strategic risks from the council's corporate risk register	2017-18 & 2018-19	2019-20	2020-21	2021-22
CR0015	Due to the rapid evolution of cyber security threats, the council and its partners may not be able to prevent an attack on infrastructure in an effective or timely manner, resulting in a breach of security.	Network security			
CR0016	Failure to provide adequate provision of protection of staff, elected members, residents and all relevant stakeholders leading to their safety being compromised.	Health and safety Safeguarding - adults	Health and safety Safeguarding - children	Health and safety	Safeguarding - adults
CR0017	Service failure of a key provider or partner resulting in the council being held to account for the service delivery failure and having to step in to supply the service at additional cost and with resulting potential reputational damage.	Commissioning of services Facilities management Management of fairer future policy with regards to procurement	Management of fairer future policy with regards to contracts	Where we carry out audits of contract management for specific activities, one line of enquiry is the arrangements in place should the contractor either underperform against contractual requirements or the worst case scenario go into administration / cease trading.	
CR0018	Difficulties in delivering an ambitious council plan and service commitments in the current climate, resulting in adverse reputational impact.	Modernisation programme	Our internal audits for individual departments focus on the adequacy and effectiveness of the control environment to manage key financial and operational risks to service delivery and performance against service plans and key performance indicators.		

3. INTERNAL AUDIT PLAN 2019-20

Ref.	Area	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review
Children's and Adults' Services Department					
<u>Adult Social Care</u>					
CAS03	Appointeeships	Director adult social care	15	Q4	Management of clients finances where the council acts as appointee, including approvals, records maintained on use of clients' monies and possessions.
CAS06	Mental health services	Director adult social care	15	Q2	Governance, approvals, records maintained and monitoring of the care packages and funding relating to the clients receiving the council's mental health services.
<u>Children's Social Care</u>					
CAS21	Payments to children and families	Director children's social care	15	Q2	The systems for monies paid to children and families, including authorisation, records management and reconciliation.
CAS22	Troubled families grant claims	Director children's social care	20	Monthly	Verification of the Troubled Families claims to be submitted by the council. To confirm, using a sample basis with reference to evidence, that cases meet the eligibility criteria set out in the Troubled Families Outcome Plan.
CAS24	Foster carers	Director children's social care	15	Q1	Appointment and payment of foster carers and how the council ensures that foster carers meet the council's initial and ongoing requirements.
CAS27	Safeguarding - children	Director children's social care	15	Q2	Controls in place to ensure that children within the council's care are properly safeguarded and statutory requirements are met.

Ref.	Area	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review
<u>Commissioning</u>					
CAS11	Community equipment	Director commissioning	15	Q1	The allocation of community equipment, records maintained on location of equipment, and maintenance of equipment to ensure that it remains fit for purpose and safe to use.
CAS15	Supported Living	Director commissioning	15	Q2	Operational review to include independent living plans for residents within supported living, DBS checks and training for staff working in these schemes, fire risk assessments and budget management.
<u>Education</u>					
CAS48	Special educational needs (SEN)	Director of education	20	Q1	Assurance over the development and implementation of the council's strategy on SEN, funding allocations and management of quality of delivery and financial control.
<u>Department Wide Audits</u>					
CAS40	Budget Recovery Board	Strategic director	15	Q2	A review of the effectiveness of the budget recovery board, and the robustness of the information presented to the board, e.g. SAP savings reports and the trajectory.
CAS63	Mosaic operational audit / payments	All Directors	15	Q3	Processes and controls leading to the payments generated via Mosaic, and the completeness of information held on the system. Specific areas of coverage to be determined at the time of scoping. As a fundamental system of the council, this is an annual audit.
Total			175		
SCH	Schools internal audit plan	Director of Education	145	Ongoing	Internal audit of schools' governance and financial systems and controls, covering areas such as budget management, deficit recovery plans, procurement and purchases, payroll and income. The days also include time for working with the council in delivering training and awareness to head teachers and school business managers.
Total			145		

Ref.	Area	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review
Environment and Leisure Department					
<u>Highways</u>					
EL02	Cleaner, greener, safer programme	Director of environment	15	Q2	Review of the management of projects in the community, including delivery against project purpose and objectives, expected timeframes and budgets.
<u>Leisure and Culture</u>					
EL16	Parks	Director of leisure	15	Q2	Policy framework, strategic framework and finance and governance around the use of parks for events and commercial income generation.
EL17	Play service	Director of leisure	15	Q1	Operational management controls including compliance with contract Standing orders when commissioning services, documentation covering arrangements with activity providers, income management and safeguarding.
<u>Regulatory Services</u>					
EL22	Enforcement	Director of environment	15	Q2	Procedures around joint enforcement with the Police, including clarity of roles and responsibilities and record keeping. Controls over fixed penalty notices and receipt of fines and escalation procedures where these are not paid.
<u>Traded Services</u>					
EL41	Materials	Director of environment	10	Q3	Focus on procurement of materials by the department, tendering approaches and resulting contractual arrangements.
EL42	Pest control	Director of environment	15	Q4	Contract management review, looking at monitoring against contractual requirements, delivery against key performance indicators, the extent to which income generated is meeting expectations.

Ref.	Area	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review
<u>Waste and Cleaning</u>					
EL52	Fleet contract and strategy management	Director of environment	15	Q4	A review of the application of the council's revised policy on fleet/essential car user (as linked to the council's travel plan).
<u>Department Wide Audits</u>					
EL61	Volunteer management	Director of leisure / Director of environment	15	Q1	A review of how the risks associated with the use of volunteers are managed (for example, payments, safeguarding, access to data). To include use of volunteers in libraries, at events and for test purchasing.
EL62	Debt management	All Directors / director of exchequer	15	Q3	To feed into the key financial systems audit of accounts receivable, this would review the information available to the department in respect of its debtor position, roles and responsibility and sufficiency and appropriateness of action being taken against service users who owe money to the council.
Total			130		

Ref.	Area	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review
Finance and Governance Department					
<u>Legal Services</u>					
FG03	Barristers' framework	Director of law & democracy	10	Q2	Contract management review, looking at monitoring against contractual requirements, delivery against key performance indicators, the extent to which income generated is meeting expectations.
FG05	Whistleblowing	Director of law & democracy	15	Q4	Review of the council's response to whistleblowing allegations, clarity of roles and responsibilities. documentation, timeliness of responses and closure of cases.
<u>Financial and Information Governance</u>					
FG22	Pensions administration	Head of financial & information governance	15	Q3	Controls and maintenance of records around the council's system, including policies and procedures, joiners and leavers to the schemes, refunds, contributions (plus AVCs), annual benefits statements.
<u>Exchequer Services (non Key Financial Systems)</u>					
FG31	Home ownership - mortgages	Director exchequer services	10	Q1	Review of the control framework in place to award and monitor repayments for mortgages.
FG33	Home ownership - garages	Director exchequer services	15	Q1	Review of the application process, awarding of garages, administration of garages and records, rent collection and monitoring and escalation for repossession if required.
FG35	Client services	Director exchequer services	15	Q2	Applications and proof of needs meeting criteria, decision on what goods/services or funds awarded, authorisation and budget monitoring for the Southwark Emergency Support Scheme (SESS) and Hardship Fund.
Total			80		

Ref.	Area	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review
Key Financial Systems					
KFC01	Council tax	Director exchequer services	20	Q3	Assurance over the adequacy of and compliance with controls in respect of council tax. Full audit.
KFC02	NNDR/ business rates pooling	Director exchequer services	10	Q3	Assurance over continuing compliance with controls in respect of NNDR - health check, plus follow up of previous year's recommendations.
KFC03	Housing rents	Director exchequer services / housing and modernisation directorate	10	Q3	Assurance over continuing compliance with controls in respect of housing rents - health check, plus follow up of previous year's recommendations.
KFC04	Accounts receivable / debt management	Director exchequer services	20	Q3	Assurance over the adequacy of and compliance with controls in respect of accounts receivable and debt management. Full audit.
KFC05	Payroll and HR	Director exchequer services / Director of modernise	25	Q4	Assurance over the adequacy of and compliance with controls in respect of payroll and benefits to staff. Full audit.
KFC07	Accounts Payable	Director exchequer services	10	Q3	Assurance over continuing compliance with controls in respect of Accounts Payable - health check, plus follow up of previous year's recommendations. .
KFC09	Housing Benefits	Director exchequer services	10	Q3	Assurance over continuing compliance with controls in respect of Housing Benefits - health check, plus follow up of previous year's recommendations. .
KFC10	Suspense accounts management	Director exchequer services	10	Q4	Management of the suspense accounts, including the type of transactions being assigned to suspense accounts and timeliness of action taken to clear suspense items and record accurately in the general ledger.

Ref.	Area	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review
					<i>For all key financial audits, we will consider the controls in place to detect fraudulent activity. To this end, we will work alongside the council's corporate anti-fraud team.</i>
Total			115		
Housing and Modernisation Department					
<u>Asset Management</u>					
HM06	Major works	Director asset management	15	Q1	Review of controls from identification and approval of major works schemes, project management, and appointment of contractors and monitoring of delivery against expected timeframes, outputs and budget.
HM08	Statutory disrepairs	Director asset management / Director of law & democracy	15	Q3	Systems for dealing with statutory disrepairs where the council acts as landlord, and controls to ensure compliance with legislative and regulatory frameworks is met.
<u>Communities</u>					
HM11	No recourse to public funds	Director of communities	15	Q1	Review of the controls over applications for council funds through NRPF, checks for eligibility, case management, and adequacy of data and records over numbers in the system, financial management and reporting.
HM12	Tenancy management organisations	Director of communities	20	Q2	A thematic review of the TMOs in light of the findings from the 2018-19 audits. To also include the controls around statutory compliance, including health and safety, fire risk assessment and asbestos. Two TMOs will be included for review.

Ref.	Area	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review
<u>Customer Experience</u>					
HM21	Blue badges and freedom passes	Director of customer experience	15	Q2	Operational review on the processes for the award of blue badges and freedom passes, including validation of applicant's eligibility.
HM23	Coroners	Director of customer experience	15	Q3	The arrangements the Council has in place to support the Coroner, covering roles and responsibilities, contracts with third parties efficiencies such as use of the council's website and call centre to deliver services, and the service's performance and financial management processes and controls.
HM26	Housing solutions - homelessness	Director of customer experience	15	Q1	Following the Homelessness Reduction Act, which came into force in April 2018 and the roll out of personal housing plans in 2017 between the council and individual, the audit will consider the controls around the application process, the robustness of the process, and conformation that the plans are acted upon and fulfilled.
<u>Resident Services</u>					
HM41	Voids	Director of resident services	15	Q1	Controls over housing voids and timeliness of action to enable the re-letting of the property, including remedial works and checks.
HM45	Supported accommodation hostels (family hostels)	Director of resident services	15	Q4	A review against operational procedures, how cases are managed, including new cases, a check of current governance arrangements, income collection, record keeping, security checks, inspections and repairs and maintenance regimes. It will include consideration of actions implemented following the independent service model review commissioned in 2017.
Total			140		

Ref.	Area	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review
IT Audit Plan					
IT AUDITS	To be confirmed.	Director of modernise	70	TBC	An IT internal audit strategy and plan for 2019-20 is to be developed over the next month. This is to involve relevant parties within the council and shared ICT service, to identify: <ul style="list-style-type: none"> - those areas which remain the responsibility of the council - areas where the council is reliant upon the shared ICT service - key risk areas and priorities for 2019-20 for assurance on the management of IT risks to the council.
Total			70		
Place and Wellbeing Department					
PW02	Major regeneration programmes & projects	Director of regeneration	20	Q1	Project management arrangements and programme governance with regards to this area of significant expenditure and priority for the council. A sample of programmes and projects will be selected for testing.
PW03	Planning applications and S106 agreements	Director of planning	15	Q2	Compliance with Planning Regulations, including a customer focus (how easy is the current application process to use), and monitoring of S106 agreements for financial and non-financial commitments from developers.
PW05	Transport policy and planning	Director of planning	15	Q4	Review of the council's transport policy and the extent to which it is being delivered in line with supporting plans across the council.
PW06	Community safety partnerships	Director of public health	15	Q3	A review of how the council is working with the community to deal with knife crime.
Total			65		

Ref.	Area	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review
Thematic Audits / Council Wide Reviews					
TR04	Health and safety	Corporate governance panel / Director of modernise / departmental leads	20	Q2	A review of the adequacy and effectiveness of the management of health and safety risks across the council. An annual review, the specific focus of the work will be agreed with management.
TR05	Management of fairer future policy with regards to contracts	Strategic director of finance and governance	25	Q3	A review of the management of contracts to ensure that they meet the requirements of the council's fairer future procurement policy. This will follow on from the audit of procurement undertaken in 2018-19.
TR13	Sickness absence management, monitoring and reporting	Director of modernise / Corporate governance panel	25	Q4	A review of compliance with the council's sickness absence management, monitoring and reporting requirements across the council. The audit will consider the extent to which there may be under reporting.
TR15	Records management	Head of financial & information governance / corporate governance panel	20	Q4	An area of management concern raised across departments. A review of understanding of and compliance with the council's retention and disposal policies.
TR16	Data and information management	Strategic director of finance and governance	25	Q2	A review of the adequacy of management information to support decision-making in high cost / high volume areas.
Total			115		

4. INTERNAL AUDIT PLAN 2019-20 SUMMARY

Department / Audit Activity	No. of days 2019-20
Chief executive's department	-
Children's and adults services	175
Environment and leisure	130
Finance and governance	80
Housing and modernisation	140
Place and wellbeing	50
Key financial systems	115
IT audits	70
Thematic reviews / council wide audits	115
Schools	125
Chief Audit Executive Role	15
Total Days	1030

5. INTERNAL AUDIT STRATEGIC PLAN 2019-22

Ref.	Audit	Audit Sponsor	2017-18 (for ref.)	2018-19 (for ref.)	2019-20	2020-21	2021-22
CX01	Emergency planning and resilience	Head of chief executive's office	✓			✓	
CX02	Communications and media	Head of external affairs				✓	
Children's and Adults Department							
<u>Adult Social Care</u>							
CAS01	Adult day care provision	Director adult social care		✓			
CAS02	Client finances	Director adult social care				✓	
CAS03	Appointeeships	Director adult social care			✓		
CAS04	All age disability service	Director adult social care				✓	
CAS05	Better Care Fund	Strategic director childrens & adults		✓			
CAS06	Mental health services	Director adult social care			✓		
CAS07	Older people's services	Director adult social care		✓			✓
CAS08	Safeguarding - adults	Director adult social care		✓			
CAS09	Social care staff recruitment	Director adult social care	✓				
CAS10	Substance Misuse	Director adult social care	✓			✓	
<u>Children's Social Care</u>							
CAS20	Adoption service	Director children's social care				✓	
CAS21	Payments to children and families	Director children's social care			✓		
CAS22	Troubled families grant claims	Director children's social care	✓	✓	✓	✓	✓
CAS23	Children's quality assurance unit	Director children's social care				✓	
CAS24	Foster carers	Director children's social care			✓		
CAS25	Placements - children in care service	Director children's social care		✓			
CAS26	Safeguarding - children	Director children's social care			✓		

Ref.	Audit	Audit Sponsor	2017-18 (for ref.)	2018-19 (for ref.)	2019-20	2020-21	2021-22
CAS27	Legal fees	Director children's social care		✓			
CAS28	Youth offending service	Director children's social care				✓	
<u>Commissioning</u>							
CAS31	Community equipment	Director commissioning			✓		
CAS32	Supported Living	Director commissioning			✓		
CAS33	Commissioning of services	Director of commissioning		✓			✓
<u>Education</u>							
CAS41	Adult learning services	Director of education		✓			
CAS42	Home to school transport	Director of education					✓
CAS43	Music service	Director of education		✓			
CAS44	Pupil registry systems	Director of education				✓	
CAS45	School admissions	Director of education				✓	
CAS46	Special educational needs (SEN)	Director of education			✓ (cfwd 18-19)		
SCHOOLS	Schools - cyclical programme*	Director of education	✓	✓	✓	✓	✓
<p>* School audits are undertaken on an average 3-year rolling programme. In 2019-20, 25 schools are scheduled for an audit visit. Areas included in the schools audit are: governance, bank account and budgeting, payroll, procurement; and data security and safeguarding. We also review the control framework with regards to cash handling and non-local authority school funds. From 2019-20 we have agreed with the director of education to conduct a follow up audit where schools received a limited assurance opinion.</p>							
<u>Department Wide Audits</u>							
CAS51	Budget Recovery Board	Strategic director of childrens and adults services			✓ (cfwd 18-19)		
CAS52	Mosaic operational audit / payments	Strategic director (children's and adults' service)	✓	✓	✓	✓	✓
Environment and Leisure Department							
<u>Highways</u>							
EL01	Highways maintenance	Director of environment	✓			✓	

Ref.	Audit	Audit Sponsor	2017-18 (for ref.)	2018-19 (for ref.)	2019-20	2020-21	2021-22
EL02	Cleaner, greener, safer programme	Director of environment			✓		
<u>Leisure and Culture</u>							
EL11	Cemeteries and crematoria	Director of leisure					✓
EL12	Library service	Director of leisure				✓	
EL13	Leisure services	Director of leisure	✓			✓	
EL14	South Dock marina	Director of leisure					✓
EL15	Youth service	Director of leisure		✓			
EL16	Parks	Director of leisure			✓		
EL17	Play service	Director of leisure			✓		
EL18	Tree management service	Director of leisure				✓	
<u>Regulatory Services</u>							
EL21	CCTV	Director of environment		✓		✓	
EL22	Enforcement	Director of environment			✓		
EL23	Licencing	Director of environment		✓			✓
EL24	Parking management & estates parking permits	Director of environment		✓			
EL25	Markets	Director of environment		✓			
<u>Service Development</u>							
EL31	Corporate energy / greener borough	Director of environment	✓			✓	
<u>Traded Services</u>							
EL41	Materials	Director of environment	✓		✓		
EL42	Pest control	Director of environment			✓		
EL43	Southwark building services	Director of environment		✓		✓	
EL44	Street lighting and signs	Director of environment					✓

Ref.	Audit	Audit Sponsor	2017-18 (for ref.)	2018-19 (for ref.)	2019-20	2020-21	2021-22
<u>Waste and Cleansing</u>							
EL51	Commercial waste	Director of environment		✓			
EL52	Fleet contract and strategy management	Director of environment			✓		
EL53	Estates cleaning	Director of environment		✓			
EL54	Grounds maintenance	Director of environment	✓			✓	
EL55	Waste contract / PFI	Director of environment		✓			
EL56	Trading standards, food safety and health & safety	Director of environment				✓	
<u>Department Wide Audits</u>							
EL61	Volunteer management	Director of leisure / Director of environment			✓		
EL62	Debt management	All Directors			✓		
Finance and Governance Department							
<u>Legal Services</u>							
FG01	Electoral register and elections	Director of law & democracy	✓				
FG02	Case Management System (Visualfiles)	Director of law & democracy	✓				
FG03	Barristers' framework	Director of law & democracy			✓		
FG04	Member / officer protocol	Director of law & democracy				✓	
FG05	Whistleblowing	Director of law & democracy			✓		
FG06	Members allowances	Director of law & democracy		✓			
<u>Professional Services Team</u>							
FG11	Housing Revenue Account	Acting Director of Finance			✓		
FG12	Schools use of Bankline	Acting Director of Finance			✓		
<u>Financial and Information Governance</u>							
FG21	Data protection / GDPR	Head of financial & information governance		✓			
FG22	Pensions administration	Head of financial & information governance			✓		

Ref.	Audit	Audit Sponsor	2017-18 (for ref.)	2018-19 (for ref.)	2019-20	2020-21	2021-22
Exchequer Services							
FG31	Home ownership - mortgages	Director exchequer services			✓		
FG32	Home ownership - charges to leaseholders	Director exchequer services		✓			
FG33	Home ownership - garages	Director exchequer services			✓		
FG34	Enforcement agents, rent arrears and write offs	Director exchequer services		✓			
FG35	Client services	Director exchequer services			✓		
Key Financial Systems							
KFC01	Council tax	Director exchequer services	✓		✓		✓
KFC02	NNDR/ business rates pooling	Director exchequer services	✓	✓	✓	✓	✓
KFC03	Housing rents	Director exchequer services	✓	✓	✓	✓	✓
KFC04	Accounts receivable /debt management	Director exchequer services			✓		
KFC05	Payroll and HR	Director exchequer services / Director of Modernise	✓	✓	✓	✓	✓
KFC06	General Ledger	Director exchequer services		✓			✓
KFC07	Accounts Payable	Director exchequer services	✓	✓	✓	✓	✓
KFC08	Treasury Management	Acting director of finance	✓			✓	
KFC09	Housing Benefits	Director exchequer services	✓	✓	✓	✓	✓
KFC10	Suspense accounts management	Director exchequer services	✓		✓		✓
Housing and Modernisation Department							
Asset Management							
HM01	Apex asset management system	Director asset management	✓				✓
HM02	Engineering services	Director asset management	✓ (as part of HM01)				
HM03	Gas servicing	Director asset management	✓ (as part of				

Ref.	Audit	Audit Sponsor	2017-18 (for ref.)	2018-19 (for ref.)	2019-20	2020-21	2021-22
			HM01)				
HM04	Housing adaptations	Director asset management	✓				
HM05	Housing investment and decision making	Director asset management	✓				
HM06	Major works	Director asset management			✓		
HM07	Repairs and maintenance	Director asset management		✓			
HM08	Statutory disrepairs	Director asset management / Director of Law & Democracy			✓		
<u>Communities</u>							
HM11	No recourse to public funds	Director of communities	✓		✓		
HM12	Tenancy management organisations (TMOs)	Director of communities		✓	✓	✓	✓
<u>Customer Experience</u>							
HM21	Blue badges and freedom passes	Director of customer experience			✓		
HM22	Contact centre	Director of customer experience		✓			
HM23	Coroners	Director of customer experience			✓		
HM24	Customer experience and resolution / complaints	Director of customer experience				✓	
HM25	Housing solutions - applications and allocations	Director of customer experience		✓			✓
HM26	Housing solutions - homelessness	Director of customer experience			✓ (cfwd 18-19)		
HM27	Housing solutions - other services	Director of customer experience				✓	
HM28	MySouthwark home owners agency	Director of customer experience	✓				
HM29	Channel shift	Director of customer experience		✓			
HM30	Registrars	Director of customer experience					✓
HM31	Sales and acquisitions, including right to buy	Director of customer experience		✓			
HM32	Integration of customer based systems	Director of customer experience	✓				

Ref.	Audit	Audit Sponsor	2017-18 (for ref.)	2018-19 (for ref.)	2019-20	2020-21	2021-22
<u>Resident Services</u>							
HM41	Voids	Director of resident services			✓		
HM42	Multi-agency working / data sharing	Director of resident services	✓				
HM43	Housing tenancies	Director of resident services	✓				
HM44	Sheltered housing	Director of resident services		✓			
HM45	Supported accommodation hostels (family hostels)	Director of resident services			✓ (cfwd 18-19)		
HM46	Temporary accommodation	Director of resident services		✓			
<u>Modernise</u>							
HM51	Corporate facilities management	Director of modernise	✓				✓
HM52	Health and safety	Director of modernise	✓	✓			
HM53	Modernisation programme	Director of modernise		✓			
<u>Human Resources</u>							
HM61	Staff recruitment and vetting	Director of modernise	✓				
HM62	Apprenticeships levy	Director of modernise		✓			
<u>Information Technology Audits</u>							
IT	IT Audit Plan*	Director of modernise			✓		
<p>* An IT internal audit strategy and plan for 2019-20 is to be developed over the next month. This is to involve relevant parties within the council and shared ICT service, to identify:</p> <ul style="list-style-type: none"> - those areas which remain the responsibility of the council - areas where the council is reliant upon the shared ICT service - key risk areas and priorities for 2019-20 for assurance on the management of IT risks to the council <p>Recent IT audits undertaken / agreed are included below:</p>							
IT01	Network security	Director of modernise	✓				
IT02	IT disaster recovery and business	Director of modernise	✓				

Ref.	Audit	Audit Sponsor	2017-18 (for ref.)	2018-19 (for ref.)	2019-20	2020-21	2021-22
	continuity planning						
IT03	IT shared service arrangements	Director of modernise		✓	✓		
IT04	Change control	Director of modernise		✓			
Place and Wellbeing Department							
PW01	Major regeneration programmes & projects	Director of regeneration	✓		✓		✓
PW02	Commercial property portfolio	Director of regeneration				✓	
PW03	Planning applications and s106 agreements	Director of planning			✓		
PW04	Building control	Director of planning		✓			✓
PW05	Transport policy and planning	Director of planning			✓		
PW06	Land charges	Director of planning	✓				✓
PW07	Community projects	Director of communities	✓		✓		
PW08	Community engagement	Director of communities		✓			
PW09	Health in all policies	Director of public health & wellbeing		✓			
PW10	Public health priority area	Director of public health & wellbeing			✓		
PW11	Social regeneration framework	Director of public health & wellbeing				✓	
Thematic Audits / Council Wide Reviews							
TR01	Access to services	Corporate governance panel	✓				
TR02	Commercialisation	Corporate governance panel				✓	
TR03	Business continuity planning	Corporate governance panel / Head of Chief executive's office		✓			
TR04	Health and safety	Corporate governance panel / Director of modernise / departmental leads			✓	✓	✓
TR05	Management of fairer future procurement policy / contracts	Corporate governance panel	✓		✓	✓	
TR06	Sustainable Transformation Plans	Corporate governance panel				✓	

Ref.	Audit	Audit Sponsor	2017-18 (for ref.)	2018-19 (for ref.)	2019-20	2020-21	2021-22
TR07	Financial planning and budget monitoring	Director of finance	✓			✓	
TR08	Governance and risk management	Head of financial & information governance	✓			✓	
TR09	Hospitality and gifts register, register of interests and bribery and corruption	Corporate governance panel					✓
TR10	Use of consultants / payments to individuals outside of PAYE / IR35	Corporate governance panel		✓		✓	
TR11	Partnership arrangements	Corporate Leadership Team / corporate governance panel		✓		✓	
TR12	Sickness absence management, monitoring and reporting	Director of modernise / corporate governance panel			✓ (cfwd 18-19)		
TR13	Compliance with HR policies and procedures	Director of modernise / corporate governance panel				✓	
TR14	Records management	Head of financial & information governance / corporate governance panel			✓		
TR15	Data and information management	Strategic director of finance and governance			✓		
TR16	Council Plan 2018-19 to 2021-22 (governance over delivery and performance management)	Corporate Leadership Team / corporate governance panel				✓	

APPENDIX I

Internal Audit Charter - Role and Scope of Internal Audit

Purpose of this charter

This charter is a requirement of Public Sector Internal Audit Standards (PSIAS).

The charter formally defines internal audit's mission, purpose, authority and responsibility. It establishes internal audit's position within the London Borough of Southwark ("the Council") and defines the scope of internal audit activities.

Final approval resides with the Board, in practice the charter shall be reviewed and approved annually by management and by the Audit, Governance and Standards Committee on behalf of the Council.

Internal audit's mission

Internal audit's mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Standards of internal audit practice

To fulfil its mission, internal audit will perform its work in accordance with PSIAS, which encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF): Definition of Internal Auditing, Code of Ethics, and International Standards for the Professional Practice of Internal Auditing.

Internal audit definition and role

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal audit acts primarily to provide the Audit, Governance and Standards Committee with information necessary for it to fulfil its own responsibilities and duties. Implicit in internal audit's role is that it supports management to fulfil its own risk, control and compliance responsibilities. The range of work performed by internal audit is set out in PSIAS and not repeated here.

Internal audit's scope

The scope of internal audit activities includes all activities conducted by the Council. The Internal Audit Plan sets out those activities that have been identified as the subject of specific internal audit engagements.

The provision of assurance services is the primary role for internal audit in the UK public sector. This role requires the chief audit executive to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control.

Assurance engagements involve the objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system or other subject matter. The nature and scope of the assurance engagement are determined by internal audit.

Consulting engagements are advisory in nature and are generally performed at the specific request of management, with the aim of improving governance, risk management and control and contributing to the overall opinion. The nature and scope of consulting engagement are subject to agreement with management. When performing consulting services, internal audit should maintain objectivity and not assume management responsibility.

Effective internal audit

Our internal audit function is effective when:

- It achieves the purpose and responsibility included in the internal audit charter
- It conforms with the Standards
- Its individual members conform with the Code of Ethics and the Standards
- It considers trends and emerging issues that could impact the organisation.

The internal audit activity adds value to the Council (and its stakeholders) when it considers strategies, objectives and risks, strives to offer ways to enhance governance, risk management and control processes and objectively provides relevant assurance.

We will agree with you an audit plan for a total number of days activity. Once agreed, we will turn this into a cash budget which we will work to, in order to ensure that you have certainty around the fees you will pay us.

Independence and internal audit's position within Southwark Council

To provide for internal audit's independence, its personnel and external partners report to the Chief Audit Executive, who reports functionally to the Audit, Governance and Standards Committee. The Chief Audit Executive has free and full access to the Chair of the Audit, Governance and Standards Committee. The Chief Audit Executive reports administratively to the Strategic Director of Finance and Governance who provides day-to-day oversight.

The appointment or removal of the Chief Audit Executive will be performed in accordance with established procedures and subject to the approval of the Chair of the Audit, Governance and Standards Committee.

The internal audit service will have an impartial, unbiased attitude and will avoid conflicts of interest. The internal audit service is not ordinarily authorised to perform any operational duties for the Council.

In the event that internal audit undertakes non-audit activities, safeguards will be agreed to ensure that independence or objectivity of the internal audit activity are not impaired. This might include a separate partner review of the work or a different team undertaking the work. Approval of the arrangements for such engagements will be sought from the Audit, Governance and Standards Committee prior to commencement.

In the event that internal audit provides assurance services where it had previously performed consulting services, an assessment will be undertaken to confirm that the nature of the consulting activity did not impair objectivity and safeguards will be put in place to manage individual objectivity when assigning resources to the engagement. Such safeguards will be communicated to the Audit, Governance and Standards Committee.

Internal audit must be free from interference in determining the scope of internal auditing, performing work and communicating results. Should any interference take place, internal audit will disclose this to the Audit, Governance and Standards Committee to discuss the implications.

Internal audit's role in fraud, bribery and corruption

Management, not internal auditors are responsible for the prevention and detection of fraud, bribery and corruption. Auditors will, however, be alert in all their work to risks and exposures that could allow fraud or corruption as well as seeking to identify indications that fraud and corruption may have been occurring. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud and corruption will be detected. In the event that internal audit suspect a fraud, this will be referred to appropriate management in the first instance and then the Audit, Governance and Standards Committee.

Access to records and confidentiality

There are no limitations to internal audit's right of access to the Council's officers, records, information, premises, or meetings which it considers necessary to fulfil its responsibilities.

When the auditors receive confidential information about your affairs it shall at all times be kept confidential, except as required by law or as provided for in regulatory, ethical or other professional pronouncements applicable. All information will be maintained in line with appropriate regulations, including the Data Protection Act 2018 and General Data Protection Regulations.

Coordination and reliance with other assurance providers

In co-ordinating activities internal audit may rely on the work of other assurance and consulting service providers.

A consistent approach is adopted for the basis of reliance and internal audit will consider the competency, objectivity, and due professional care of the assurance and consulting service providers. Due regard will be given to understanding of the scope, objectives and results of the work performed by other providers of assurance and consulting services.

Where reliance is placed upon the work of others, internal audit is still accountable and responsible for ensuring adequate support for conclusions and opinions reached by the internal audit activity.

Internal audit's commitments to Southwark Council

Internal audit commits to the following:

- working with management to improve risk management, controls and governance within the organisation
- performing work in accordance with PSIAS
- complying with the ethical requirements of PSIAS
- dealing in a professional manner with [Organisation Type] staff, recognising their other commitments and pressures
- raising issues as they are identified, so there are no surprises and providing practical recommendations
- liaising with external audit and other regulators to maximise the assurance provided to the Council
- Reporting honestly on performance against targets to the Audit, Governance and Standards Committee.

Internal audit performance measures and indicators

The tables on the right contain some of the performance measures and indicators that are considered to have the most value in assessing the efficiency and effectiveness of internal audit.

The Audit, Governance and Standards Committee should approve the measures which will be reported to each meeting and / or annually as appropriate. In addition to those listed here we also report on additional measures as agreed with management and included in our Progress Report.

Quality assurance and improvement programme

As required by PSIAS an external assessment of the service will be performed at least every five years. BDO also has an internal quality assurance review process in place, which takes place annually. This is performed by a separate team independent to the internal audit team.

The results of internal and external assessments will be communicated to the Audit, Governance and Standards Committee as part of the internal audit annual report, along with corrective action plans.

Table One: Performance measures for internal audit

Measure / Indicator
<p>Audit Coverage</p> <p>Annual Audit Plan delivered in line with timetable</p> <p>Actual days are in accordance with Annual Audit Plan</p>
<p>Relationships and customer satisfaction</p> <p>Customer satisfaction reports - overall score at average at least 3.5 / 5 for surveys issued at the end of each audit.</p> <p>Annual survey to Audit, Governance and Standards Committee to achieve score of at least 70%</p> <p>External audit can rely on the work undertaken by internal audit (where planned)</p>
<p>Staffing and Training</p> <p>At least 60% input from qualified staff</p>
<p>Audit Reporting</p> <p>Issuance of draft report within 3 weeks of fieldwork `closing` meeting</p> <p>Finalise internal audit report 1 week after management responses to report are received.</p> <p>90% recommendations to be accepted by management</p> <p>Information is presented in the format requested by the customer.</p>
<p>Audit Quality</p> <p>High quality documents produced by the auditor that are clear and concise and contain all the information requested.</p> <p>Positive result from any external review</p>

Management and staff commitments to Internal Audit

The management and staff of Southwark Council commit to the following:

- providing unrestricted access to all of the Council's records, property, and personnel relevant to the performance of engagements
- responding to internal audit requests and reports within the agreed timeframe and in a professional manner
- implementing agreed recommendations within the agreed timeframe
- being open to internal audit about risks and issues within the organisation
- not requesting any service from internal audit that would impair its independence or objectivity
- providing honest and constructive feedback on the performance of internal audit

Management and staff performance measures and indicators

The following three indicators are considered good practice performance measures but we go beyond this and report on a suite of measures as included in each Audit, Governance and Standards Committee progress report.

Table Two: Performance measures for management and staff

Measure / Indicator
<p><i>Response to terms of reference and reports</i> Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt</p>
<p><i>Implementation of recommendations</i> Audit sponsor to implement all audit recommendations within the agreed timeframe</p>
<p><i>Co-operation with internal audit</i> Internal audit to confirm to each meeting of the Audit, Governance and Standards Committee whether appropriate co-operation has been provided by management and staff</p>

BDO contacts

Name	Grade	Telephone	Email
Greg Rubins	Partner and Chief Audit Executive	07710 703441	Greg.Rubins@bdo.co.uk
Angela Mason-Bell	Manager	07813 000319	Angela.Mason-Bell@bdo.co.uk
Ian Wiltshire	Assistant Manager	07813 000318	Ian.Wiltshire@bdo.co.uk
Alexa Williams	Senior auditor	07813 000703	Alexa.Williams@bdo.co.uk



FOR MORE INFORMATION:

Greg Rubins

Greg.Rubins@bdo.co.uk

Angela Mason-Bell

Angela.Mason-Bell@bdo.co.uk

This publication has been carefully prepared, but it has been written in general terms and should be seen as containing broad statements only. This publication should not be used or relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained in this publication without obtaining specific professional advice. Please contact BDO to discuss these matters in the context of your particular circumstances. BDO, its partners, employees and agents do not accept or assume any responsibility or duty of care in respect of any use of or reliance on this publication, and will deny any liability for any loss arising from any action taken or not taken or decision made by anyone in reliance on this publication or any part of it. Any use of this publication or reliance on it for any purpose or in any context is therefore at your own risk, without any right of recourse against [member firm name] or any of its partners, employees or agents.

BDO, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Copyright © 2017 BDO. All rights reserved. Published in the UK.

www.bdo.com

