



LONDON BOROUGH OF SOUTHWARK

INTERNAL AUDIT PLAN

2017-2018 OPERATIONAL PLAN

2017-2022 STRATEGIC PLAN

**DRAFT PRESENTED TO AUDIT, GOVERNANCE AND STANDARDS
COMMITTEE 27 FEBRUARY 2017**



INTERNAL AUDIT AT LONDON BOROUGH OF SOUTHWARK

Introduction

Our role as internal auditors is to provide independent, objective assurance designed to add value and improve the council's performance. Our remit and approach, as set out in the internal audit charter and BDO internal audit manual, is to help you accomplish your objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Our approach complies with best professional practice, in particular, the Public Sector Internal Audit Standards.

Internal audit's objectives are to:

- Remain independent and objective in the delivery of internal audit
- Provide assurance to management and the Audit, Governance and Standards Committee
- Formulate an effective five year strategic plan and annual operational plan, based upon regular review and risk assessments
- Respond to new and emerging risks through on going liaison with management and provision of adequate contingency
- Use benchmarking and comparison to identify wider changes to the sector
- Work closely with management and other assurance providers to optimise assurance, develop effective conclusions and recommendations
- Work with the anti-fraud service to optimise investigation coverage, promote good controls and fraud preventions and aid management.

Internal audit at London Borough of Southwark

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. We report to the head of anti-fraud and internal audit, who is the chief audit executive for the council.

Responsibility for these 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 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.

In producing the internal strategy for the five year period to 2021-22 and the specific operational audit plan for 2017-18 we have sought to further clarify our initial understanding of the operations of the council with its risk profile in the context of:

- The overall objectives of the council and those of individual departments and services
- 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
- The key challenges facing the council, including financial pressure and resource constraints
- The council's fairer future promises.

The internal audit strategy for 2016-17 to 2020-21 was approved by the audit, governance and standards committee in February 2016. The purpose of this document is to update that strategy and to provide a more detailed internal audit plan for 2017-18.

INTERNAL AUDIT STRATEGY

The strategy for delivery of the internal audit service at the council is based upon the following:

1. Developing a framework for the service, which ensures independence and objectivity of the internal audit staff.
2. Providing assurance through a systematic approach, covering key areas including:
 - Assurance work on key financial systems
 - Risk based audits to confirm actions are in place to mitigate risks
 - Fraud prevention - joint projects are undertaken working across the anti-fraud and internal audit specialisms to help services protect resource for those with a genuine need
 - Special projects linking with services to help provide them assurance following a period of change
 - Contract audit to provide assurance on the increasing number of key projects, as well as the number of contracts in operation
 - Schools audit currently includes coverage of all schools over a period of three years and forms part of a separate audit plan
 - Contingency to allow responsiveness to emerging risks.
3. Promoting good practice in:
 - Risk management
 - Control and fraud prevention
 - Governance.
4. Adding value by:
 - Working with management to develop the most effective recommendations
 - Providing challenge where appropriate
 - Benchmarking through the BDO network, London Audit Group and other sources.
5. Optimising assurance by:
 - Working closely with other assurance providers, such as external audit to optimise coverage
 - Utilising the three lines of defence model to draw assurance from available sources.

INTERNAL AUDIT RESOURCE ALLOCATION STRATEGY

The purpose of the strategy for internal audit resource allocation is to:

- Allocate internal audit resource against those areas that are high risk or where management have a particular need or requirement for internal audit coverage
- Determine priorities and establish the most cost-effective means of providing the organisation with assurances
- Ensure that adequate attention is devoted to critical areas where assurance is required.

Over the period of the strategy we review the areas for internal audit coverage and timing, and amend the strategy as appropriate to ensure that assurance provided by internal audit remains relevant as the risks facing the organisation change. Any significant changes made to the strategy are discussed with key contacts and presented to the audit and governance committee.

Each year we provide a formal update to the strategy and prepare a detailed internal audit plan for the coming 12 months.

The head of anti-fraud and Internal audit's professional judgement has been applied in assessing the level of resource required to deliver the strategy. The level of resource applied is a product of:

- The complexity of the areas to be reviewed
- The specific controls that the organisation places reliance on in order to mitigate its risks
- Factors such as number of locations, number and frequency of transactions
- The assurance which can be brought forward from previous audits.

In line with the public sector internal audit standards, in order to meet the skills and delivery requirements of the audit plan:

- The head of anti-fraud and internal audit is CIPFA qualified
- BDO provides flexibility to provide a mix of professionally qualified staff with specialisms including finance, IT and contract.

There are considered to be sufficient resources available to achieve the 2017-18 plan.

PROPOSED RESOURCES AND STAFFING

The core team that will be delivering the programme to you is shown below:

Name	Grade	Telephone	Email
Mike Pinder CPFA	Head of anti-fraud and internal audit	07983 465220 / 0207 525 4346	Michael.Pinder@southwark.gov.uk
Greg Rubins CPFA	Engagement partner	07710 703441	Greg.Rubins@bdo.co.uk
Angela Mason-Bell CPFA, CIA	Engagement manager	07813 000319	Angela.Mason-Bell@bdo.co.uk / Angela.Mason-bell@southwark.gov.uk
Gurpreet Dulay CPFA	Advisory manager	07870 555214	Gurpreet.Dulay@bdo.co.uk

The core team will be supported by specialists from our national Risk and Advisory Services Team and the wider firm as and when required.

AUDIT RISK ASSESSMENT AND PLANNING

Background

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 senior management's own assessment of risk.

Planned approach to Internal audit 2017-18 to 2021-22

The proposed internal audit plan for 2017-18 is shown from page nine, with an indicative strategic plan for the five year period to 2021-22 shown from page 21.

The internal audit strategy sets out how this will be delivered for the council and is based up on an understanding of the council's corporate framework, culture, and departmental systems, structures, operations, and risks.

In compiling these plans we have met with the chief executive, strategic directors and their senior management teams and other individuals responsible for the key support functions of finance, IT and HR.

We have considered the following:

- Areas of concern or requests for coverage from management and the audit, governance and standards committee
- Any recent significant changes within the council and its operations and functions
- Regulatory requirements for internal audit coverage
- Emerging issues, including any additional risks that do not appear on the risk profile but may merit internal audit coverage
- The timing for each internal audit review to maximise the benefit of assurance provided.

We have also considered the results of previous internal audit work. Transitional arrangements have been smooth and significant knowledge

transfer has been made possible from RSM to BDO due to the continuity of some staff working on the contract, particularly in respect of the engagement manager and assistant manager, both of whom transferred to BDO.

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.

Project (internal audit area) risk assessment criteria

The project risk of audit areas included in the plan has been assessed on the following basis:

- Fundamental (F) - A business critical system. These are systems which if they failed could impact on the entire council. These systems include the key financial systems, which are often subject to review by external audit as they may have a direct impact on the final accounts
- High (H) - Usually a corporate-wide system or strategic departmental system. These are systems which if they failed could impact on the entire council. Often business critical, and may form part of an external audit review
- Medium (M) - Usually a specific departmental system. These may be business critical, but are more likely to impact only on the department
- Low (L) - Sub-systems within departments. These may still be critical elements of a department's operations.

Variations to the internal audit plan

We will keep the plan for 2017-18 under continuous review during the year and will introduce to the plan any significant areas of risk identified by management during that period.

We review the five year strategic plan each year to ensure we remain aware of the council's on-going risks and opportunities.

INDIVIDUAL AUDIT APPROACH AND REPORTING

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 head of anti-fraud and internal audit and appropriate strategic director / 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 and which ensures availability of key management and staff.

Reporting

The reporting process is designed to ensure accuracy of findings and develop effective recommendations. This is done through:

- Regular updates to auditees, managers, directors including exit meetings, draft and final reports.
- Quarterly progress reports summarising findings and highlighting key issue to the audit and governance.
- An annual opinion drawing together key issues and themes.

The process is designed to encourage co-operation and agreement. The service is, however, also afforded unfettered access to enable appropriate escalation of matters where necessary.

INTERNAL AUDIT KEY PERFORMANCE INDICATORS

In year progress reporting

The key performance indicators below will be reported against to each meeting of the Audit, Governance and Standards Committee as part of the internal audit progress report.

KPI	Target
% of audits from the plan reported to the planned meeting of the audit, governance and standards committee	100%
% of high and medium rated recommendations implemented by the agreed implementation date	75%
% of recommendations in draft report accepted by audit sponsor / owner	90%
% of draft reports issued within 10 working days of the audit closure meeting	90%

Annual reporting

The key performance indicators below will be reported in the annual report:

KPI	Target
% of audits from the plan completed to draft report stage by 31 March	100%
% of returned audit satisfaction survey forms achieving a score of 4 or 5 out of 5	75%
Annual chief officer and audit, governance and standards satisfaction survey results	Average of 75% and above

INTERNAL AUDIT OPERATIONAL PLAN 2017-18

The proposed internal audit plan for 2017-18 is set out on the pages below. As in previous years it shows the planned areas of audit for each department, the work to be undertaken on the council's key financial systems, IT audit work plus those areas where a thematic review is proposed and / or a council-wide audit.

Ref.	Area	Project risk	Audit sponsor	Planned days	Proposed timing	Description
CHIEF EXECUTIVE'S DEPARTMENT						
CX02	Major regeneration programmes & projects	F	Director of Regeneration	20	Q4	Annual assurance on the project management arrangements and programme governance with regards to this area of significant expenditure and priority for the council. A sample programme and project will be selected for testing.
CX08	Land charges	M	Director of Planning	15	Q3	As an area transferring to planning, this would provide assurance on compliance with land charges legislation including turnaround of completing checks and issuing information. In light of the transfer of some of the responsibilities back to central government, we will also consider the controls over data transfer and transition of the service and how potential reduction in fee income is being managed.
TOTAL DAYS - CHIEF EXECUTIVE'S DEPARTMENT				35		

INTERNAL AUDIT OPERATIONAL PLAN 2017-18

Ref.	Area	Project risk	Audit sponsor	Planned days	Proposed timing	Description
CHILDREN'S AND ADULTS' SERVICES DEPARTMENT						
CAS05	Leaving care	M	Director Children's Social Care	15	Q4	Assurance on the management and monitoring controls over the new commissioning arrangements for leaving care, and the extent to which they are meeting the stated objectives and delivering against required standards and meeting key performance indicators.
CAS14	Social care staff recruitment	M	Director Adult Social Care / Assistant Director Older People's Services	15	Q3	Assurance over the controls for ensuring that the recruitment policies and procedures are consistently followed across adult services.
CAS22	Children with disabilities services	H	Director Children's Social Care	15	Q2	Assurance over the monitoring and scrutiny controls for payments being made in respect of children's disabilities services, following a management review undertaken in 2016-17.
CAS31	Community and safety partnership service	M	Head of Community Safety, Strategy and Commissioning	15	Q2	Assurance over the adequacy of the governance arrangements in place, including management of financial and reputational risks associated with the partnership and timing of funding and the adequacy and effectiveness of the service's grant bidding process.
CAS48	Special educational needs (SEN)	H	Director of Education	15	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.
CAS63	Mosaic	M	Strategic Director Children's and Adults' Services	25	Q4	Operational review of the adequacy of the processes and controls within Mosaic, extent to which the system is being used as intended and data quality.
TOTAL DAYS - CHILDREN'S AND ADULTS' SERVICES DEPARTMENT				100		

INTERNAL AUDIT OPERATIONAL PLAN 2017-18

Ref.	Area	Project risk	Audit sponsor	Planned days	Proposed timing	Description
ENVIRONMENT AND LEISURE DEPARTMENT						
EL01	Highways maintenance	M	Director of Environment	15	Q2	Assurance over the contract management arrangements in place and the monitoring and checking of data provided to facilitate the performance indicators and payments on the contract.
EL14	Leisure services	M	Director of Leisure	15	Q4	Assurance over the adequacy and effectiveness of contract management for the new leisure services contract. The audit will consider the extent to which the contract objectives, deliverables and key performance indicators are being met.
EL20	Regulatory services	M	Director of Environment	15	Q1	A review across regulatory services of arrangements and controls over income generation, the robustness of the calculations of surpluses reported and the use of such surpluses.
EL3	Corporate energy	H	Head of Service Development	15	Q1	A review of how sighted the council is on its energy usage in each building, to consider the extent to which the data is sound, well understood and maximised to support planning and further efficiencies.
EL45	Materials	L	Director of Environment	10	Q4	A review of the new material framework in place and assessment of whether the framework is achieving its objective of controlling costs and making proposed savings and is more effective.
EL51	Commercial waste	M	Director of Environment	10	Q4	To review the control framework with regard to income from commercial waste.
EL53	Grounds maintenance	M	Director of Leisure	15	Q4	Assurance over the adequacy and effectiveness of contract management for the new grounds maintenance contract. The audit will consider the extent to which the contract objectives, deliverables and key performance indicators are being met. The audit will also provide assurance over the accuracy of the recharges.
TOTAL DAYS - ENVIRONMENT AND LEISURE DEPARTMENT				95		

INTERNAL AUDIT OPERATIONAL PLAN 2017-18

Ref.	Area	Project risk	Audit sponsor	Planned days	Proposed timing	Description
FINANCE AND GOVERNANCE DEPARTMENT						
FG01	Electoral services	M	Director of Law and Democracy	20	Q2	Assurance review that will consider a number of aspects of electoral services: Electoral register. Election management: was it run effectively with key risks managed, was an appropriate forecast drawn up for the budget and was this met.
FG02	Case Management System (Visualfiles)	M	Director of Law and Democracy	15	Q4	In light of the implementation of a new casework management system (Visualfile), this would be a review to provide assurance that it is achieving the outcomes set for the implementation. We will also consider the adequacy of management information on performance.
FG13	Accounts preparation	F	Director of Finance / Departmental Finance Manager Corporate and Strategy	15	Q2	Advisory review of the arrangements / preparedness of the finance submission of audited accounts for 2017-18 focusing on the councils approach to the recently introduced new (and more onerous) accounting requirements for highways.
FG21	Data protection	H	Head of Financial and Information Governance	20	Q2	Assurance over the extent to which data protection controls are embedded across the council and staff understanding of the legislation and their responsibilities.
FG32	Home ownership - charges to leaseholders	M	Director Exchequer Services	15	Q1	Assurance over the process and controls associated with major construction (section 20) work, from initial commissioning of works to final accounts. The audit will also review the processes and controls on refunds to leaseholders.
FG34	Enforcement, rent arrears and write offs	M	Director Exchequer Services	15	Q4	Assurance over the adequacy of the controls and the operational and financial impact (income maximisation and cost savings) associated with the appointment in January 2017 of the new internal enforcement (collection) agents.
FG41	Budget recovery board advice and support	H	Strategic Director Finance and Governance	10	As required	Advice and support to the budget recovery board for adults, children's and public health services.
TOTAL DAYS - FINANCE AND GOVERNANCE DEPARTMENT				110		

INTERNAL AUDIT OPERATIONAL PLAN 2017-18

Ref.	Area	Project risk	Audit sponsor	Planned days	Proposed timing	Description
HOUSING AND MODERNISATION DEPARTMENT						
HM01	Apex asset management system	M	Director of Asset Management	15	Q2 Jul 2017	The APEX system is being upgraded. Future use will include the compliance team, for example recording of gas checks. There will be a move away from paper based systems to electronic. This will be an audit of how the new electronic systems are working including data transfer / accuracy of data recorded.
HM06	Housing investment decision making	H	Director of Asset Management / Director of Resident Services	10	Q3	Assurance that the decision making process for housing investment decisions is being followed per the recently introduced business plan.
HM21	Commissioning of community grants	M	Director of Communities	15	Q3	A review of the effectiveness of recent changes to the governance framework and streamlining of the commissioning approach. To include consideration of the ways in which required outcomes are specified and the adequacy and effectiveness of monitoring those outcomes and resolution of issues. The audit will also consider the different commissioning models for the distribution of grants should the council wish to move away from short term grants and contracts.
HM23	No recourse to public funds	M	Director of Communities	10	Early Q2 & Mid- Q3	Substantive follow up of the internal audit report issued in 2016-17, with substantive testing to confirm the new control framework is operating effectively.
HM38	MySouthwark home owners agency	M	Director of Customer Experience	15	Q3	The forum has been established as part of the council's manifesto to provide scrutiny over the delivery on tangibles in the housing strategy. Internal audit would carry out a review of the arrangements in place, whether they are working as intended, and accuracy and completeness of the information provided to the MySouthwark homeowners board.
HM42	Integration of customer based systems	M	Director of Customer Experience	15	Q4	Assurances over the controls in respect of integrated systems, including roles and responsibilities, information flows, access rights and security. Particular focus will be on MySouthwark and the council's customer relationship database.

INTERNAL AUDIT OPERATIONAL PLAN 2017-18

Ref.	Area	Project risk	Audit sponsor	Planned days	Proposed timing	Description
HOUSING AND MODERNISATION DEPARTMENT						
HM52	Housing strategy, performance and partnerships - multi-agency working	H	Director of Resident Services / Directors of Adult and Children's Services	15	Q2	This audit would provide assurance that the flow of information between different parts of the council (social care and housing in particular) is adequate to support the 'single view of the customer' and ensure safeguarding issues are appropriately addressed.
HM53	Housing tenancies	L	Director of Resident Services	10	Q4	Independent assurance to confirm management assurances that the new procedures on goods storage and disposal are being followed.
HM60	Corporate facilities management	M	Director of Modernise	10	Q4	Assurance over the adequacy and effectiveness of contract management for the new corporate facilities contract. The audit will consider the extent to which the contract objectives, deliverables and key performance indicators are being met.
HM61	Corporate health and safety	H	Director of Modernise	20	Q1	To provide assurance that a robust control framework and policies and procedures are in place and followed in practice in relation to managing health and safety risks.
HM71	Staff recruitment and vetting - agency workers	M	Director of Modernise	15	Q4	To provide assurance that a robust control framework and policies and procedures are in place and followed in practice in relation to the recruitment and vetting of agency workers.
HM75	Apprenticeships	M	Director of Modernise	15	Q2	A review of the arrangements in place for the recruitment of apprenticeships across the council. It will also review the management of the new apprenticeships levy.
TOTAL DAYS - HOUSING AND MODERNISATION DEPARTMENT				165		

INTERNAL AUDIT OPERATIONAL PLAN 2017-18

Ref.	Area	Project risk	Audit sponsor	Planned days	Proposed timing	Description
KEY FINANCIAL SYSTEMS						
MA01	Council tax	F	Director Exchequer Services	35	Q3	Health check audits on the continuing adequacy and effectiveness of the controls over these key financial systems of the council.
MA02	National non domestic rates	F	Director Exchequer Services			
MA07a	Accounts payable - SAP	F	Director Exchequer Services			
MA08	Treasury management	F	Director of Finance			
MA03	Housing rents	H	Director Exchequer Services	20	Q3	Assurance review on the adequacy and effectiveness of the controls over housing rent collection, to include consideration of the new risk based debt chasing via Rent Sense, and the move to direct debit payments. The audit will assess the impact of the changes to the income collection and debt recovery approaches introduced.
MA05	Payroll	F	Director Exchequer Services	25	Q3	Assurance over the adequacy of and compliance with controls in respect of payroll. Data analytics will be used to identify trends and potential anomalies / exceptions for further investigation. The IT controls with regards to the payroll systems and applications will also be reviewed as part of this audit. A review of the amount of overtime payments to employees and consistency and appropriateness of “local” arrangements.
MA07b	Accounts payable - Mosaic	F	Director Exchequer Services	20	Q3	Assurance over the adequacy of and compliance with controls in respect of invoices generated or payment by SAP via the Mosaic system. Data analytics will be used to identify trends and potential anomalies / exceptions for further investigation, including duplicate payments. The key IT controls (access, security, back ups) with regards to the Mosaic system and application will also be reviewed as part of this audit.

INTERNAL AUDIT OPERATIONAL PLAN 2017-18

Ref.	Area	Project risk	Audit sponsor	Planned days	Proposed timing	Description
KEY FINANCIAL SYSTEMS						
MA09	Housing benefit and universal credit	F	Director Exchequer Services	20	Q3	Assurance review on the adequacy and effectiveness of the controls over housing benefits assessment and collection, to include how the implications of Universal Credit have been addressed. The key IT controls (access, security, back ups) with regards to the Housing Benefits system and application will also be reviewed as part of this audit.
MA10	Suspense account management	F	Director Exchequer Services and other directors as necessary	15	Q2	Assurance over the arrangements being introduced to ensure that transactions initially routed to suspense accounts are minimised and controls over the timely clearance of balances.
MA00	Contingency	n/a	Director Exchequer Services	15	As required	Time to allow increased scope and / or additional sample testing where further work is required.
TOTAL DAYS - KEY FINANCIAL SYSTEMS				150		

INTERNAL AUDIT OPERATIONAL PLAN 2017-18

Ref.	Area	Project risk	Audit sponsor	Planned days	Proposed timing	Description
IT AUDITS						
IT04	Network security	H	Director of Modernise	25	April 2017	Assurance on the adequacy and effectiveness of the council's IT security arrangements, including cyber crime risk management, response to and penetration testing and firewall security.
IT05	IT disaster recovery and business continuity planning	H	Director of Modernise	20	May 2017	Assurance on the council's disaster recovery plans and preparedness to manage an IT outage or loss of business critical systems.
IT08	Programme governance & project initiation controls	H	Director of Modernise	20	Q4	A review of the new framework for programme and project management of IT systems implementation and improvement.
IT12	Helpdesk	M	Director of Modernise	15	Q4	A review of the management arrangements over the helpdesk, including prioritisation of calls and response times.
TOTAL DAYS - IT AUDITS				80		

INTERNAL AUDIT OPERATIONAL PLAN 2017-18

Ref.	Area	Project risk	Audit sponsor	Planned days	Proposed timing	Description
THEMATIC REVIEWS / COUNCIL WIDE AUDITS						
TR01	Access to services	H	Corporate Governance Panel / Chief Officer's Team	25	Q1	Building upon the previous two reviews (on initial application and changes of circumstance), this audit will review the adequacy of controls where customers no longer require services or are no longer eligible to receive services and / or funding.
TR07	Cashless systems	M	Director Exchequer Services / Directors	20	Q1	Assurance over the adequacy of the transitional arrangements following closure of the bullion centre and the council's move to cashless systems for the collection of income and payments.
TR11	Financial planning and budget monitoring	F	Director of Finance / Chief Officer's Team	25	September 2017	A review focussing upon the adequacy and effectiveness of the monitoring of the continuing validity of the assumptions on which income and savings underpinning the medium and long term financial plans for the council are based such that anticipated income is being generated and cost savings are being met.
TR12	Governance - decision making	H	Corporate Governance Panel	20	Q2	Assurance on the adequacy of evidence presented across the council such that decisions are based upon sufficient information and decisions reach are documented such that future scrutiny can be undertaken. This will include internal audit attendance as an observer at a number of departmental management meetings across the council.
TR13	Register of interests	M	Director of Law and Democracy	15	Q1	Assurance over the controls in place to ensure the timely recording of fiduciary and personal interests and the action taken to manage those interests in decision making. This will also be an area of consideration in TR17 Procurement.

INTERNAL AUDIT OPERATIONAL PLAN 2017-18

Ref.	Area	Project risk	Audit sponsor	Planned days	Proposed timing	Description
THEMATIC REVIEWS / COUNCIL WIDE AUDITS						
TR17	Procurement		Director of Finance	25	Q1	A review of the adequacy of the council's procurement practices against best practice, and the extent to which competition and value for money are achieved. The impact of the implementation of the e-procurement system will be considered as part of this audit. The audit will include assurance over the maintenance of the council's approved supplier lists and the extent to which they are being used.
TOTAL DAYS - THEMATIC REVIEWS / COUNCIL WIDE AUDITS				130		

INTERNAL AUDIT OPERATIONAL PLAN 2017-18 - SUMMARY

The table below summarises the total days to be delivered against each department or area of internal audit activity. As in previous years a contingency allowance of 20 days has been included to allow internal audit to respond to additional requests from management or the audit, governance and standards committee arising from new or emerging risks or other management or internal audit concerns.

Area	2017-18 AUDIT DAYS
INTERNAL AUDIT PLAN SUMMARY	
Chief executive's	35
Children's and adults services	100
Environment and leisure	95
Finance and governance	110
Housing and modernisation	165
Key financial systems	150
IT audits	80
Thematic reviews / council wide audits	130
Schools	130
Contingency	20
TOTAL DAYS	1015

INTERNAL AUDIT STRATEGIC PLAN 2017-18 TO 2021-22

Ref.	Area	2016-17 (for ref.)	2017-18	2018-19	2019-20	2020-21	2021-22
CHIEF EXECUTIVE'S DEPARTMENT							
CX01	Commercial property portfolio	✓				✓	
CX02	Major regeneration programmes & projects	✓	✓	✓	✓	✓	✓
CX03	Planning, planning applications and business control fees	✓			✓		
CX04	S106 agreements	✓		✓			✓
CX05	Transport policy and planning				✓		
CX06	Communications and campaigns			✓			
CX07	Media relations			✓			
CX08	Land charges		✓				
CX09	Emergency planning and resilience	✓					

Note: those audit areas that do not feature in the five-year strategy are reviewed each year and may return to the audit plan in future years. Areas such as governance and risks relating to partnership working may be addressed through other specific audits rather than encompassing an overarching review of the council's arrangements.

INTERNAL AUDIT STRATEGIC PLAN 2017-18 TO 2021-22

Ref.	Area	2016-17 (for ref.)	2017-18	2018-19	2019-20	2020-21	2021-22
CHILDREN'S AND ADULTS' SERVICES DEPARTMENT							
<u>Adult social care</u>							
CAS01	Adult provision, including older people's day centres			✓			✓
CAS02	Client affairs	✓				✓	
CAS03	Appointeeships			✓			
CAS04	Learning disabilities services				✓		✓
CAS06	Mental health services	✓		✓		✓	
CAS07	Mood, anxiety and personality services				✓		
CAS08	Older people's services			✓			
CAS09	Personalised budgets & direct payments	✓			✓		
CAS10	Safeguarding - adults			✓			✓
CAS11	Specialist equipment provision				✓		
CAS12	Support centres					✓	
CAS13	Transition team			✓			
CAS14	Social care staff recruitment		✓				

INTERNAL AUDIT STRATEGIC PLAN 2017-18 TO 2021-22

Ref.	Area	2016-17 (for ref.)	2017-18	2018-19	2019-20	2020-21	2021-22
CHILDREN'S AND ADULTS' SERVICES DEPARTMENT							
<u>Children's social care</u>							
CAS05	Leaving care		✓				
CAS21	Cash payments to children and families	✓			✓		
CAS22	Children with disabilities services		✓			✓	
CAS23	Children's quality assurance unit			✓			
CAS24	Foster carers / adoption service				✓		
CAS25	Placements - children in care service			✓			
CAS26	Out-of-borough / hospital tuition fees recoupment	✓					
CAS27	Safeguarding - children				✓		✓
CAS28	Legal fees			✓			
CAS29	Youth offending service			✓			
CAS42	Early help service			✓			

INTERNAL AUDIT STRATEGIC PLAN 2017-18 TO 2021-22

Ref.	Area	2016-17 (for ref.)	2017-18	2018-19	2019-20	2020-21	2021-22
CHILDREN'S AND ADULTS' SERVICES DEPARTMENT							
<u>Education</u>							
CAS41	Adult learning services				✓		
CAS43	Home to school transport				✓		✓
CAS44	Music service			✓			
CAS45	Pupil registry systems	✓		✓			
CAS46	School admissions			✓			
CAS47	Secondary, further education, employment and inclusion service			✓			
CAS48	Special educational needs (SEN)		✓				
CAS80	Schools - cyclical programme*	✓	✓	✓	✓	✓	✓

* School audits are undertaken on an average 3-year rolling programme. For 2017/18, 24 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.

Where the previous years' audit raises significant concerns a follow up audit will be carried out.

INTERNAL AUDIT STRATEGIC PLAN 2017-18 TO 2021-22

Ref.	Area	2016-17 (for ref.)	2017-18	2018-19	2019-20	2020-21	2021-22
CHILDREN'S AND ADULTS' SERVICES DEPARTMENT							
<u>Community and strategy and commissioning</u>							
CAS31	Community and safety partnership service		✓				
CAS60	Commissioning of services	✓			✓		
<u>Public health</u>							
CAS50	Public health	✓				✓	
<u>Department wide audits</u>							
CAS60	Quality and performance improvement			✓			✓
CAS61	Funding panels	✓					
CAS62	Mosaic project management	✓					
CAS63	Mosaic operational audit		✓				

INTERNAL AUDIT STRATEGIC PLAN 2017-18 TO 2021-22

Ref.	Area	2016-17 (for ref.)	2017-18	2018-19	2019-20	2020-21	2021-22
ENVIRONMENT AND LEISURE DEPARTMENT							
<u>Highways</u>							
EL01	Highways maintenance		✓			✓	
EL02	Safety/ community project management				✓		
EL03	Transport project management			✓			
<u>Leisure and culture</u>							
EL11	Cemeteries and crematoria	✓				✓	
EL12	Library service				✓		
EL13	Markets			✓		✓	
EL14	Leisure services		✓				
EL15	South Dock marina	✓					
EL16	Youth and play service	✓				✓	
EG20	<u>Regulatory services</u>		✓				
EL21	Anti-social behaviour			✓			
EL22	CCTV				✓		
EL24	Joint enforcement & licencing and environmental protection	✓		✓			✓
EL26	Parking and network management			✓			
EL27	Trading standards, food safety and health & safety	✓			✓		

INTERNAL AUDIT STRATEGIC PLAN 2017-18 TO 2021-22

Ref.	Area	2016-17 (for ref.)	2017-18	2018-19	2019-20	2020-21	2021-22
ENVIRONMENT AND LEISURE DEPARTMENT							
<u>Service development</u>							
EL31	Corporate energy		✓				
<u>Traded services</u>							
EL41	Monitoring of materials usage				✓		
EL42	Pest control						✓
EL43	Southwark building services	✓				✓	
EL44	Street lighting and signs						
EL45	Materials		✓				✓
<u>Waste and cleansing</u>							
EL51	Commercial waste		✓			✓	
EL52	Fleet contract and strategy management			✓			
EL53	Grounds maintenance		✓				
EL55	Parks / trees				✓		
EL56	Waste contract / PFI			✓			✓
<u>Department wide audits</u>							
EL61	Compliance - income management	✓					
EL62	Compliance - procurement						

INTERNAL AUDIT STRATEGIC PLAN 2017-18 TO 2021-22

Ref.	Area	2016-17 (for ref.)	2017-18	2018-19	2019-20	2020-21	2021-22
FINANCE AND GOVERNANCE DEPARTMENT							
<u>Legal services</u>							
FG01	Electoral register and elections		✓				✓
FG02	Case Management System (Visualfiles)		✓				✓
FG03	Barristers' framework			✓			
FG04	Member / officer protocol				✓		
FG05	Whistleblowing			✓			
FG06	Constitutional team				✓		
FG07	Members allowances			✓			
<u>Professional finance services</u>							
FG11	Schools finance team						✓
FG12	Pensions	✓		✓		✓	
FG13	Accounts preparation		✓				
FG14	Housing revenue account			✓			
<u>Financial and information governance</u>							
FG21	Data protection		✓				
FG22	Pensions administration	✓		✓		✓	

INTERNAL AUDIT STRATEGIC PLAN 2017-18 TO 2021-22

Ref.	Area	2016-17 (for ref.)	2017-18	2018-19	2019-20	2020-21	2021-22
FINANCE AND GOVERNANCE DEPARTMENT							
<u>Exchequer services (non key financial systems)</u>							
FG32	Home ownership - charges to leaseholders		✓		✓		✓
FG33	Home ownership - garages (income)			✓			✓
FG34	Enforcement agents, rent arrears and write offs		✓			✓	
FG35	Strategy and compliance			✓			
FG36	Client services				✓		
<u>Advisory and support work</u>							
FG41	Budget Recovery Board		✓				

INTERNAL AUDIT STRATEGIC PLAN 2017-18 TO 2021-22

Ref.	Area	2016-17 (for ref.)	2017-18	2018-19	2019-20	2020-21	2021-22
HOUSING AND MODERNISATION DEPARTMENT							
<u>Asset management</u>							
HM01	Apex asset management system		✓				
HM02	Engineering services		✓ (as part of HM01)				
HM03	Gas servicing		✓ (as part of HM01)				
HM04	Housing adaptations	✓					
HM05	Housing renewal areas	✓			✓		
HM06	Housing investment and decision making		✓				
HM07	Major works			✓			✓
HM08	Private sector housing				✓		
HM09	Repairs and maintenance			✓		✓	
HM10	Voids				✓		✓
HM11	Disrepairs			✓			
HM12	Garages (asset management)			✓			
<u>Communities</u>							
HM21	Commissioning		✓	✓			
HM22	Community support and engagement			✓		✓	

INTERNAL AUDIT STRATEGIC PLAN 2017-18 TO 2021-22

Ref.	Area	2016-17 (for ref.)	2017-18	2018-19	2019-20	2020-21	2021-22
HOUSING AND MODERNISATION DEPARTMENT							
HM23	No recourse to public funds	✓	✓				
HM24	Resident involvement, including tenancy management organisations (TMOs)	✓		✓		✓	
<u>Customer experience</u>							
HM31	Blue badges and freedom passes				✓		
HM32	Contact centre		✓ (as part of HM42)				
HM33	Coroners			✓			
HM34	Customer experience and resolution / complaints	✓				✓	
HM35	Housing solutions - applications and allocations						✓
HM36	Housing solutions - homelessness / trailblazer	✓		✓			
HM37	Housing solutions - other services	✓					
HM38	MySouthwark home owners agency		✓				
HM39	Procurement						
HM40	Registrars	✓					
HM41	Sales and acquisitions, including right to buy	✓		✓		✓	
HM42	Integration of customer based systems, including telephony and call centre		✓				
HM56	Temporary accommodation	✓				✓	

INTERNAL AUDIT STRATEGIC PLAN 2017-18 TO 2021-22

Ref.	Area	2016-17 (for ref.)	2017-18	2018-19	2019-20	2020-21	2021-22
HOUSING AND MODERNISATION DEPARTMENT							
<u>Resident services</u>							
HM51	Estates parking permits	✓			✓		
HM52	Housing strategy, performance and partnerships		✓				
HM53	Housing tenancies		✓				✓
HM54	Sheltered housing			✓			
HM55	Supported accommodation hostels					✓	
HM57	Tenancy applications and lettings	✓					
HM58	Unauthorised occupancy	✓					
HM59	Garages (lettings / operational management)			✓			
<u>Modernise</u>							
HM60	Corporate facilities management		✓				
HM61	Corporate health and safety		✓				
HM62	Corporate programme and project management			✓			
HM63	Modernise programme						

INTERNAL AUDIT STRATEGIC PLAN 2017-18 TO 2021-22

Ref.	Area	2016-17 (for ref.)	2017-18	2018-19	2019-20	2020-21	2021-22
HOUSING AND MODERNISATION DEPARTMENT							
<u>HR</u>							
HM70	Policies and procedures			✓			
HM71	Staff recruitment and vetting		✓				
HM72	Corporate learning and development plan and commissioning			✓			
HM73	Sickness absence management, monitoring and reporting			✓			
HM74	Staff performance management			✓			
HM75	Apprenticeships levy		✓				
HM75	SAP HR system - security and access				✓		
IT	IT audits - see separate outline plan	✓	✓	✓	✓	✓	✓

INTERNAL AUDIT STRATEGIC PLAN 2017-18 TO 2021-22

Ref.	Area	2016-17 (for ref.)	2017-18	2018-19	2019-20	2020-21	2021-22
KEY FINANCIAL SYSTEMS							
MA01	Council tax	✓	✓	✓	✓	✓	✓
MA02	National non-domestic rates	✓	✓	✓	✓	✓	✓
MA03	Housing rents	✓	✓	✓	✓	✓	✓
MA04	Accounts receivable/ other income	✓			✓		
MA05	Payroll	✓	✓	✓	✓	✓	✓
MA06	General ledger		✓	✓			✓
MA07	A. Accounts payable - creditor payments - SAP	✓	✓	✓	✓	✓	✓
MA07	B. Accounts payable - creditor payments - mosaic generated	✓	✓	✓	✓	✓	✓
MA08	Treasury management, including borrowing policy		✓		✓		✓
MA09	Housing benefits and universal credits	✓	✓	✓	✓	✓	✓
MA10	Suspense account management		✓			✓	
MA11	SAP main accounting system				✓		

INTERNAL AUDIT STRATEGIC PLAN 2017-18 TO 2021-22

Ref.	Area	2016-17 (for ref.)	2017-18	2018-19	2019-20	2020-21	2021-22
IT AUDITS							
IT01	IT strategy and improvement programme			✓			
IT02	Digital strategy	✓				✓	
IT03	Network infrastructure				✓		
IT04	Network security		✓			✓	
IT05	IT disaster recovery and business continuity planning		✓				
IT06	Vulnerability (loss of data) / data security			✓			
IT07	Software inventory					✓	
IT08	Programme governance & project initiation controls		✓		✓		
IT09	IT shared services arrangements						
IT10	E-mail				✓		
IT11	Change control			✓			
IT12	Help desk		✓				
IT13	WAN replacement			✓			
IT14	Dynamix CRM - security				✓		
IT15	Asset management					✓	

INTERNAL AUDIT STRATEGIC PLAN 2017-18 TO 2021-22

Ref.	Area	2016-17 (for ref.)	2017-18	2018-19	2019-20	2020-21	2021-22
IT AUDITS							
IT16	Mobile communications contract			✓			
IT17	Payment card project / PCI compliance	✓					
IT18	Portable computer devices - security			✓			

- For 2017-18, the IT audit strategy has been fundamentally reviewed and streamlined to reflect changes to the council's systems , delivery models and organisational structures.
- The audit areas listed below have been moved from the IT audit plan to the department / audit area within which the system resides, and will be subject to review as a separate audit or within an audit area already on the plan.
 - SAP main accounting system
 - SAP HR
 - Call centre automatic call distributor (ACD)
 - Northgate managed services systems

INTERNAL AUDIT STRATEGIC PLAN 2017-18 TO 2021-22

Ref.	Area	2016-17 (for ref.)	2017-18	2018-19	2019-20	2020-21	2021-22
THEMATIC REVIEWS / COUNCIL WIDE AUDITS							
TR01	Access to services	✓	✓			✓	
TR02	Allocations to housing revenue account						
TR03	Approved supplier lists		✓				✓
TR04	Business continuity planning			✓			
TR05	Business plan performance management		✓				
TR06	Capital funding	✓			✓		
TR07	Cashless systems		✓				
TR08	Contracts management			✓		✓	
TR09	External grants / funding			✓			
TR10	Fees and charges				✓		
TR11	Financial planning and budget monitoring		✓		✓		
TR12	Governance and risk management	✓	✓			✓	
TR13	Hospitality and gifts register, register of interests and bribery and corruption		✓				✓
TR14	Overtime		✓				
TR15	Partnership arrangements			✓			
TR16	Payments to individuals outside of PAYE			✓			✓

INTERNAL AUDIT STRATEGIC PLAN 2017-18 TO 2021-22

Ref.	Area	2016-17 (for ref.)	2017-18	2018-19	2019-20	2020-21	2021-22
THEMATIC REVIEWS / COUNCIL WIDE AUDITS							
TR17	Procurement		✓			✓	
TR18	Purchase cards		✓				
TR19	Use of temporary staff				✓		
TR20	Use of consultants			✓			