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# INTERNAL AUDIT ANNUAL PLAN

LONDON BOROUGH OF SOUTHWARK

2023/24

*For discussion by the Audit, Governance and Standards Committee on 6 February 2023*

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# 1. INTERNAL AUDIT RISK ASSESSMENT

## Background

BDO LLP are the appointed 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.

We report to the Council's section 151 officer on an operational basis. The Engagement Partner, Greg Rubins, is the Council's Chief Audit Executive.

Our risk-based approach to internal audit uses the London Borough's own risk management process and risk register as a starting point 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 current risk profile.

## Planned approach to internal audit 2023/24

The indicative Internal Audit programme for 2023/24 is set out on pages 12 to 26.

In developing the plan, we have:

- Used the previous three-year strategic plan to consider areas previously agreed for inclusion in 2023/24
- Rolled forward audits from 2022/23, which were deferred through agreement
- Reviewed the corporate risk register, as completed to December 2022
- Considered the fairer, greener, safer Southwark Council Delivery Plan 2022 - 2026, agreed by Cabinet in September 2022
- Met with the Chief Executive, Strategic Director of Finance and Governance and attended meetings of the departmental senior management teams
- Considered emergent risks in the local government and the wider public sector, including discussions with colleagues at the London Audit Group
- Realigned the strategic and operational plan to the new Council structures under the consultation document dated November 2022.

The plan was circulated to the Corporate Management Team for comments prior to presentation to the Audit, Governance and Standards Committee for formal review and approval on 6 February 2023.

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. The plan is revisited at a six-month point during the year to ensure it remains appropriate.

We have suggested future areas of focus as part of the three-year strategic internal audit plan, set out on pages 27 to 39. The tables on these pages also include audits completed in the previous three years, for reference.

### **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 considering the control environment identified within the Council. Where revisions are required, we will obtain approval from the appropriate Director and Strategic 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 and takes account of any operational pressures being experienced.

### **Variations to the Plan**

We review the three-year 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 propose to undertake, 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 the departmental management teams and Corporate Management Team. If these were to change, or emerging risks were to develop during this period, we would take stock and evaluate our coverage accordingly.

## 2. OUR NEXT GEN INTERNAL AUDIT APPROACH

Our new and innovative Next Gen approach to internal audit ensures you maximise the potential added value from BDO as your internal audit provider and the expertise we bring from our dedicated Public Sector Internal Audit team and wider BDO specialist teams.

The Next Gen approach has allowed us to move away from the traditional approach of compliance auditing, transitioning in to delivering a healthy mix of assurance that is forward looking, flexible and responsive and undertaken in partnership with yourselves. The key components to this approach are outlined below and underpin our proposed plan coverage:

### Core assurance

Reviews of fundamental finance and operational systems to provide assurance that core controls and procedures are operating as intended.

### Soft controls

Reviews seek to understand the true purpose behind control deficiencies and provide a route map to enhance their effectiveness.

### Future focused assurance

Rather than wait for implementation and then comment on identified weaknesses, we will work with you in an upfront / real time way.

### Flexible audit resource

Undertake proactive work across the Council, perhaps in preparation for regulatory reviews or change management programmes.





### 3. MAPPING THE COUNCIL'S TOP CORPORATE RISKS TO THE INTERNAL AUDIT STRATEGIC PLAN

No.	CRR Ref. (and score)	Strategic Risks from your Corporate Risk Register (December 2022)	2023/24	2024/25	2025/26
1	CR0020 (96 - High)	<p><b>Medium Term Financial Planning</b></p> <p>The continued uncertainty regarding local government funding beyond 2022-23, which is exacerbated by both the changes in the government's fiscal policy and potentially changes to population figures following the 2021 census. The outcome of the census carried out at the height of the covid crisis creates a under estimated population size impacting on external funding, including government grants based on an artificially low base compromising the availability of resources to deliver existing council services.</p> <p>These are likely to have a significant impact on overall council funding levels which will present challenges in balancing the medium term financial strategy and in preparing and presenting longer term budgets.</p>	<p>Budgetary monitoring and reporting</p> <p>Financial planning and budget management will be considered in service / operational reviews where appropriate.</p>	<p>Financial planning Treasury management</p> <p>Financial planning and budget management will be considered in service / operational reviews where appropriate.</p>	<p>Capital programme management</p> <p>Financial planning and budget management will be considered in service / operational reviews where appropriate.</p>
2	CR0021 (96 - High)	<p><b>Legal and Regulatory - Government policy</b></p> <p>Legislative and / or financial changes, including current and future loss of funding or international factors stemming from changes in government policy, seriously impact on the delivery of balanced budgets for council services and the council's ability to meet either the pressures created by changes in demand for services or the opportunities due to lack of capacity.</p>	<p>-</p> <p>Policy changes will be considered as part of individual service reviews where appropriate.</p>	<p>Financial planning Strategy and policy development</p> <p>Policy changes will be considered as part of individual service reviews where appropriate.</p>	<p>-</p> <p>Policy changes will be considered as part of individual service reviews where appropriate.</p>

No.	CRR Ref. (and score)	Strategic Risks from your Corporate Risk Register (December 2022)	2023/24	2024/25	2025/26
3	CR0022 (96 - High)	<p><b>Acute Socio-Economic Factors</b></p> <p>Failure or lack of capacity to react to wider economic and socio-economic trends including changes to central government fiscal policy, inflation and interest rate changes, recession, changes in numbers of homeless, market forces (e.g., London housing market), international and domestic migration; all of which threaten to create either funding shortfalls or compromise the delivery of council services.</p> <p>The current levels of high inflation causing global supply chain disruption (increases in production costs, wages, raw materials, energy, transportation, labour) leads to complex procurement issues particularly in the construction and maintenance sectors such as significant increases in tender prices, lack of contractors suitably qualified and experienced to be appointed within the available budget, or lack of appetite from bidders limits the council's ability to meet targets or complete projects.</p>	<p>Council Delivery Plan</p> <p>Economic Renewal Plan</p> <p>Fairer Future Procurement Framework</p>	<p>Financial planning</p> <p>Transformation programme and change management</p>	<p>Capital programme management</p> <p>Housing Revenue Account</p>
4	CR0025 (96 - High)	<p><b>Cyber Security, IT, Data, and Information Management</b></p> <p>Total or partial loss of significant core business systems, inadequate data security and the system becoming unfit to meet business needs results in impaired service delivery and performance and impacts on resident satisfaction impacting on the reputation of the council and staff productivity and morale.</p>	<p>IT audits</p> <p>Records management</p>	<p>IT audits</p>	<p>IT audits</p>

No.	CRR Ref. (and score)	Strategic Risks from your Corporate Risk Register (December 2022)	2023/24	2024/25	2025/26
5	CR0026 (96 - High)	<b>Unforeseen Major Event</b> An unforeseen major event occurs which affects critical services and the council's ability to deliver business as usual resulting in financial strain and impacts on the resilience and wellbeing of staff.	-	Emergency planning and resilience, and business continuity	-
6	CR0027 (96 - High)	<b>Climate Emergency</b> Impact of the climate change strategy creates capacity, financial or practical operational challenges and pressures with the potential for reputational damage for any failure in delivery.	-	Climate emergency	-
7	CR0028 (96 - High)	<b>Fraud</b> Process, control, or management failure particularly during periods of significant change, economic and social hardship and ongoing funding reductions leads to an increase in fraudulent activity resulting in financial and legislative consequences for the council and the potential for reputational damage.	Contract management  Risk of fraud considered routinely as part of scoping internal audit reviews	Bribery and corruption Insurance  Risk of fraud considered routinely as part of scoping internal audit reviews	-  Risk of fraud considered routinely as part of scoping internal audit reviews
8	CR0029 (88 - High)	<b>Health and Safety</b> Failure to provide adequate provision of protection of staff, elected members, residents and all relevant stakeholders leading to their safety and / or mental health and wellbeing being compromised.	Health and Wellbeing Strategy Tree management service	Health and safety	Building safety



No.	CRR Ref. (and score)	Strategic Risks from your Corporate Risk Register (December 2022)	2023/24	2024/25	2025/26
9	CR0030 (88 - High)	<b>Failure of Key Provider</b> The unexpected failure or non-contractual compliance of a key existing or future provider / partner / contractor resulting in serious disruption to a critical service and potential increased expenditure and need for resources to provide an alternative solution with resulting potential reputational damage.	<b>Contract management</b>  Risk of provider failure will be considered within specific service reviews as appropriate.	-  Risk of provider failure will be considered within specific service reviews.	-  Risk of provider failure will be considered within specific service reviews.
10	CR0031 (99 - High)	<b>Asset Management and Building Safety</b> Failure to invest appropriately in the maintenance or management of the council's assets, to have clear sight of responsibility for assets plus failing to implement the requirements of the Building Safety Bill, or a sudden and unforeseen event which may give rise to unacceptable future liabilities and additional budget pressures, reputational damage, and potential legislative consequences.	<b>Housing adaptations</b> <b>Statutory disrepairs</b>	<b>Ledbury Estate</b> <b>Major works</b>	<b>Voids</b> <b>My Southwark Home Owners Agency</b>
11	CR0034 (96 - High)	<b>Cost of Living</b> Impact of cost of living crisis following directly after the Covid-19 pandemic and post pandemic recovery. This will continue to add a strain on the welfare benefits systems and increase demand for council services such as social care and health, welfare and emergency support and temporary accommodation. The return to higher levels of inflation, the unpredictability and specific incidences of high inflation rates (e.g. building and energy costs) create revenue and/or capital budget gaps when compared to the level of resources available, creating conflict within the council budget structure There is a risk that the necessary resources required to support business	<b>Budget monitoring and reporting</b> <b>Cost of Living Fund</b> <b>Economic Renewal Plan / Strategy</b> <b>Integrated Care Board governance and partnership working</b>	<b>Financial planning</b>	-

No.	CRR Ref. (and score)	Strategic Risks from your Corporate Risk Register (December 2022)	2023/24	2024/25	2025/26
		and residents from the adverse impact of rising costs are not available from government and this will impact adversely on the funding of other council services and create budget gaps.			
12	CR0035 (82 - High)	<b>Schools and Education</b> Existing significant school budget overspend and/or deficit balances coupled with the challenge of rising numbers of surplus places in primary schools creates pressure on school budgets and ultimately council budgets plus other direct consequences as savings are identified to try and achieve a balanced position.	School internal audit programme	School internal audit programme	School internal audit programme
13	CR0036 (88 - High)	<b>Capital Programme and Major Projects</b> Unforeseen events and/or changes in the macroeconomic outlook results in cost changes to the council's capital programmes which will risk failure of (or the serious delay to) key capital projects including building new homes causing damage to the council's ability to meet the borough's long term priorities and resulting in short term financing or funding implications for the council.	-	Treasury management	Capital programme management
14	CR0037 (93 - High)	<b>Health and Social Care Act</b> Failure to ensure opportunities for further integration of health and social care system are maximised as result of Health and Care Act 2022 while protecting existing revenue sources.	Partnership governance and integration of services Commissioning of services	Financial planning Social care contract management arrangements	-

No.	CRR Ref. (and score)	Strategic Risks from your Corporate Risk Register (December 2022)	2023/24	2024/25	2025/26
15	CR0038 (88 - High)	<b>Recruitment, Retention, Resources and Capacity</b> A shortage of appropriately skilled and experienced staff compromises the ability of the council to deliver services and key priorities creating increased pressure on existing staff which may result in low morale, increased stress and sickness levels and an impact in performance across all departments.	Staff recruitment and vetting	Equality, diversity and inclusion	Organisational development

## 4. INTERNAL AUDIT OPERATIONAL PLAN 2023/24

Plan Ref.	Area	Type of Review	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review	Reason for Inclusion
Children and Adult Services Directorate							
CAS03	Direct payments	Core	Director, Adult Social Care	20	Q2	Assurance over the adequacy and effectiveness of the controls relating to direct payments, and controls over the Allpay cards assigned to clients.	Previous control issues identified Cyclical review
CAS22	Supported Families Grant Claims	Core	Director, Children and Families	20	Quarterly	Confirmation for a sample of 10% of claims of eligibility under the Council's supporting families' outcomes plan. As this is a grant audit, a separate engagement letter will be issued.	Requirement of grant terms and conditions set by the Department for Levelling Up, Housing and Communities.
CAS27	Legal Fees	Core	Director, Children and Families / Assistant Chief Executive - Governance and Assurance	15	Q2	Review of the basis upon which legal fees relating to childrens' social care cases are determined, approval processes and adequacy of management information.	Statutory requirement Cyclical review Management request
CAS29	Care Leavers	Core	Director, Children and Families	15	Q3	Assurance over the arrangements for individuals leaving the Council's care, and / or transitioning from children to adult social care.	Statutory requirement Cyclical review

Plan Ref.	Area	Type of Review	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review	Reason for Inclusion
CAS51	Health and Wellbeing Strategy	Soft	Director, Public Health	15	Q1	Assurance over the adequacy of underlying plans and resourcing to fulfil the delivery of the Council's Health and wellbeing Strategy.	Corporate risk CR0029
CAS99	Service assurance / change programme review	Future	Strategic Director, Children and Adult Services (and CAB)	20	Q2 / Q3	Area to be agreed.	Management request to complete a series of service reviews within each internal audit plan year.
SCH01	School assurance programme	Core	Director, Education	135	Spring, Summer Autumn terms	Assurance on the Council's maintained schools' governance and financial systems and controls, including budget management, deficit recovery plans, procurement and purchases, payroll and income. All schools are subject to an internal audit at least once in every four years, the nature of the audit is determined in discussion with the Director of Education, finance and school improvement teams.	Corporate risk CR0035
SCH02	School follow up	Core	Director, Education	15	Spring, Summer Autumn terms	A follow up audit is carried out for those schools that received a limited assurance opinion in 2022/23.	Corporate risk CR0035
Total - Children and Adults Directorate				255	days		

Plan Ref.	Area	Type of Review	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review	Reason for Inclusion
Neighbourhoods and Growth Directorate							
NG12	Estates cleaning and grounds maintenance	Core	Director, Environment	20	Q3	The Council must demonstrate that costs charged to leaseholders are accurate and appropriate. This review will provide assurance over the accuracy and completeness of costs being charged to leaseholders for estate cleaning and grounds maintenance, including accuracy of coding used and the basis for overhead apportionment to areas such as fly-tipping, graffiti & management.	Statutory duty. Cyclical audit.
NG23a	Leisure services	Future / Flexible	Director, Leisure	15	Q1	Independent review, check and challenge via attendance on the programme board of key policies and procedures. To be determined in discussion with management	Key in-housing programme.
NG23b	Leisure services	Core	Director, Leisure	20	Q4	Assurance on the operational management arrangements and controls in place for the new Council-delivered leisure services.	Key in-housing programme.
NG24	South Dock Marina	Future	Director, Leisure	20	Q1	Service review - specific scope to be determined.	New operational management. Management request to complete a series of service reviews



Plan Ref.	Area	Type of Review	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review	Reason for Inclusion
							within each internal audit plan year.
NG28	Tree management service	Core	Director, Leisure	15	Q2	Assurance over the adequacy and effectiveness of the controls to manage trees across the borough, such that the safety and wellbeing of residents is maintained.	Corporate risk CR0029 Previous issues identified, remains a directorate risk.
NG31	No recourse to public funds	Core	Director, Communities	20	Q1	An end to end review of the adequacy and effectiveness of the control framework including application of the eligibility criteria and identity checks, agreement of funding, and budget monitoring.	Previous issues identified, revisit of the area.
NG32	Tenancy management organisations (TMOs)	Core	Director, Communities	30	Q4	A review of a sample of three TMOs considering financial management, procurement, and statutory compliance, including health and safety, fire risk assessment and asbestos.	Significant funding to support the Council's housing strategy. Management require ongoing assurance.
NG41	Planning applications and s106 agreements	Core	Director, Planning and Growth	15	Q1	To review compliance with Planning Regulations and monitoring of S106 agreements for financial and non-financial commitments from developers.	Key processes underpinning the Council's regeneration and housing programmes.
Total - Neighbourhoods and Growth Directorate				155	days		

Plan Ref.	Area	Type of Review	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review	Reason for Inclusion
Housing							
H14	Housing adaptations	Core	Director, Asset Management	15	Q1	Assurance over the housing adaptations process to ensure funding is spent appropriately and that effective budget monitoring is completed.	Corporate risk CR0031 Cyclical review
H17	Statutory disrepairs	Core	Director, Asset Management	15	Q2	Assurance over the statutory disrepairs programme to ensure these are completed within the required timescales and to required standards.	Corporate risk CR0031 Cyclical review
H23	Temporary accommodation	Core	Director, Resident Services	20	Q1	Assurance over the controls over temporary accommodation, including identification of property, procurement and ensuring it meets required standards.	Subject to budget recovery board in 2022/23. Continued increased demand due to cost of living issues.
H25	Housing solutions - applications and allocations	Core	Director, Resident Services	20	Q3	Assurance over the housing solutions processes including applications and subsequent allocations, to confirm they meet statutory guidance and the Council's policies and procedures.	Ongoing increased pressures on the housing market. Cyclical review.
H27	Social housing white paper	Future	Director, Resident Services	15	Q1	We will review the arrangements and plans for the Council's readiness for implementing the legislative requirements of the White Paper.	New regulatory framework.

Plan Ref.	Area	Type of Review	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review	Reason for Inclusion
H99	Service assurance / change programme reviews	Future	Strategic Director, Housing	20	To be agreed	Area to be agreed	Management request to complete a series of service reviews within the internal audit plan each year.
Total - Housing Directorate				105	days		

Finance							
F07	Budgetary monitoring and reporting	Core	Director, Finance	25	Q3	Assurance on the adequacy and effectiveness of the Council's budgetary control processes and systems, directorate, and corporate reporting. This audit will cover all directorates.	Corporate risks CR0020 and CR0034 Key financial system
F11	Mosaic	Core	Director, Customer and Exchequer Services	20	Q3	Assurance over the arrangements for recording, approving, and processing social care packages within Mosaic, such that only valid and accurate amounts are generated for processing and payment.  To include a detailed follow up of the recommendations made arising from the BUPA overpayments investigation.	Key financial system Biennial review

Plan Ref.	Area	Type of Review	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review	Reason for Inclusion
F24	Accounts receivable and debt management	Core	Director, Customer and Exchequer Services	20	Q3	Assurance over the adequacy of and compliance with controls in respect of accounts receivable and debt management.	Key financial system Biennial review
F25	Payroll	Core	Director, Customer and Exchequer Services	25	Q4	Assurance over the adequacy of and compliance with controls in respect of payroll and benefits to staff	Key financial system Annual review
F27	Housing benefits	Core	Director, Customer and Exchequer Services	20	Q3	Assurance over the continuing adequacy of and compliance with controls in respect of housing benefits and universal credits.	Key financial system Biennial review
F30	Cost of Living Fund	Core	Director, Customer and Exchequer Services	15	Q3	Assurance that the Fund is being operated as intended.	Corporate risk CR0034 New fund
F56	Home ownership - garages	Core	Director, Customer and Exchequer Services	15	Q1	Review of the management of the Council's garage stock, including maintenance of ownership and collection of any fees due.	Cyclical review
F62	Fairer Future Procurement Framework	Core	Head of Procurement	25	Q3	Review of Council compliance with the new framework.	Corporate risk CR0022 Key framework Previous non-compliance issues Cyclical review

Plan Ref.	Area	Type of Review	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review	Reason for Inclusion
F63	Contract Management	Soft	Head of Procurement	25	Q3	Review of the adequacy and effectiveness of the Council's contract monitoring arrangements.	Corporate risks CR0028 and CR0030 Key framework Previous non-compliance issues Cyclical review
F71	Pensions Administration	Core	Pensions Manager	15	Q3	To provide assurance over the new systems and processes embedded following the change in system utilised.	Key financial system Annual review
F99	Service assurance / change programme reviews	Future	Strategic Director, Finance	20	To be agreed	Area to be agreed	Management request to complete a series of service reviews within the internal audit plan each year
Total - Finance Directorate				225	days		

Strategy and Communities							
SC11	Council Delivery Plan	Future	Assistant Chief Executive, Strategy and Communities	20	Q1	A review of the adequacy of the plans underpinning the Council delivery Plan, and the governance and reporting arrangements.	Corporate risk CR0022 Fundamental to Council's success

Plan Ref.	Area	Type of Review	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review	Reason for Inclusion
SC21	Equality, diversity, and inclusion maturity assessment	Soft (Advisory)	Assistant Chief Executive, Strategy and Communities	20	Q1	The purpose of the BDO Equality, Diversity and Inclusion Maturity Assessment is to help ensure an effective approach to Equality, Diversity and Inclusion becomes embedded across the Trust by highlight areas where processes could be improved. As primarily an advisory piece of work assessing the Trust's current position against the BDO Equality, Diversity and Inclusion Matrix, this assessment will not generate an assurance opinion.	New strategic oversight role
SC22	Community engagement	Future	Assistant Chief Executive, Strategy and Communities	15	Q2	A review of the Council's community engagement strategy, and how it is being used to shape future policy.	One of the highest priorities in the Council Delivery Plan is to put communities and people power at the heart of everything that the Council do.
SC42	Economic Renewal Plan / Strategy	Core	Assistant Chief Executive, Strategy and Communities	15	Q3	Assurance that the Economic Renewal Plan continues to be fulfilled in accordance with underlying deliverables.	Corporate risk CR0022
Total - Strategies and Communities				70	days		



Plan Ref.	Area	Type of Review	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review	Reason for Inclusion
<b>Governance and Assurance</b>							
GA04	<b>Records management</b>	Core	Assistant Chief Executive / Director, HR, FM, and ICT	25	Q1	Assurance over the adequacy and effectiveness of the Council's controls with regards to its data retention policy and procedures, covering electronic and physically held records.	Corporate risk CR0025 Key legislated and compliance area Management request
GA11	<b>Staff recruitment and vetting</b>	Core	Assistant Chief Executive / Director, HR, FM, and ICT	20	Q2	Assurance over the adequacy and effectiveness of the Council's recruitment processes, including pre-employment checks and controls.	Corporate risk CR0038 Key HR system, cyclical review
GA30-49	<b>IT audit plan</b>	Core	Assistant Chief Executive / Director, HR, FM, and ICT	70	Q1 to Q4	The Shared Technology Service risk assessment will be reviewed and audits across the tri-borough partnership identified. Three audits are again likely to be completed by BDO in 2023/24.	Corporate risk CR0025 Key systems.
<b>Total - Governance and Assurance</b>				<b>115</b>	<b>days</b>		

Plan Ref.	Area	Type of Review	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review	Reason for Inclusion
Southwark Integrated Care System / Commissioning							
ICS01	Partnership governance and integration of services	Future	Joint leadership role with the ICB	20	Q2	To provide assurance over the Council's role regarding the governance arrangements in place for the Integrated Care System, and that effective partnership working is in place.	Corporate risks CR0034 and CR0037 Key element of the Council Delivery plan and delivery of the objectives of the South East London Integrated Care Board objectives.
ICS02	Commissioning of services	Core	Director, Commissioning	20	Q3	To provide assurance over the procurement, contract management, and decision making with regards to social care contracts.	Corporate risk CR0037 Key element of the Council Delivery plan and delivery of the objectives of the South East London Integrated Care Board objectives.
Total - Integrated care System				40	days		

Plan Ref.	Area	Type of Review	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review	Reason for Inclusion
<b>Contract Management and Requirements under the PSIA Standards</b>							
CM1	<b>Chief Audit Executive role</b>	Core	Director, Finance	15	Q1 to Q4	Attendance at Audit, Governance and Standards Committee meetings, Audit Committee Chair liaison, monthly contract management meetings and end of year reporting and provision of Head of Internal Audit opinion.	Effective contract management and delivery.
CM2	<b>Planning, liaison, management and in year reporting</b>	Core	CMT and Director, Finance	25	Q1 to Q4	Creation of audit plan, meeting with Executive Directors, attendance at CMT and DMTS during the year, and in year progress reporting to the Audit, Governance and Standards Committee. Accounted for within allocations (10% of total delivered days)	Effective planning and delivery.
CM3	<b>Recommendations Follow Up</b>	Core	Strategic Directors and Director, Finance	25	Q1 to Q4	Follow up of all high and medium recommendations made by internal audit with management an in year status reporting to the Audit, Governance and Standards Committee. Accounted for within allocations (5% of total delivered days)	Requirement under PSIA Standards and effective assurance that issues have been addressed such that risks are being effectively managed.
<b>Total - Contract Management &amp; Requirements under PSIA Standards</b>				<b>65</b>	<b>days</b>		

Plan Ref.	Area	Type of Review	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review	Reason for Inclusion
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**Flexible Live Assurance - To be agreed during the year as required but could include the work shown below**

FLA	To be determined as required.	Flexible	As determined	0	Q1 - Q4	<p>To be agreed through discussion. The internal audit team and wider BDO specialist resources can be drawn upon as needed during the year to respond to the following type of work:</p> <ul style="list-style-type: none"> <li>• Transparency reporting support (already agreed - 12 days per annum)</li> <li>• Pay and grading review challenge / support</li> <li>• New emerging risks</li> <li>• Grant audits</li> <li>• System implementation (attendance at Project Groups)</li> <li>• Attendance at corporate groups (e.g., CMT, Corporate Governance Panel)</li> <li>• Ad hoc advice and support (e.g. school training and awareness, tax issues, impact of employment regulations)</li> </ul>	Provides flexibility to the Corporate Management team, Directors and Audit, Governance and Standards Committee should the need arise during the year.
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Summary by Council Directorates	Days
Children and Adult Services	105
Schools	150
Neighbourhoods and Growth	155
Housing	105
Finance	225
Strategies and Communities	70
Governance and Assurance	115
Strategic Commissioning / Integrated Care System for Southwark	40
Contract Management and Requirements under the PSIA Standards	65
<b>Total days</b>	<b>1030</b>

Summary by Type of Review	Days
Core Assurance	740
Soft Controls	60
Future Focused Reviews	165
Flexible Audit Resource	0*
Contract Management and Requirements under the PSIA Standards	65
<b>Total days</b>	<b>1030</b>

\* As per our contractual agreement, this type of work would be delivered in addition to the agreed internal audit plan. The scope would be agreed with the Director, Finance and Service Director as required.

## 5. INTERNAL AUDIT STRATEGIC PLAN 2023/24 to 2025/26 (indicative)

IA Ref.	Audit Area	Audit Sponsor	Type of review	2020-21 (for ref.)	2021/22 (for ref.)	2022/23 (for ref.)	2023/24	2024/25	2025/26
Children and Adult Services Directorate									
CAS01	Adult day care provision	Director, Adult Social Care	Core					✓	
CAS02	Client finances and appointeeships	Director, Adult Social Care	Core					✓	
CAS04	All age disability service	Director, Adult Social Care	Core		✓				✓
CAS05	Direct payments	Director, Adult Social Care	Core	✓			✓		
CAS07	Older people's services	Director, Adult Social Care	Core		✓				✓
CAS08	Safeguarding	Director, Adult Social Care	Core			✓			
CAS12	Continuing healthcare	Director, Adult Social Care	Core		✓				
CAS13	Covid-19 pandemic related payments	Director, Adult Social Care	Future			✓			
CAS20	Adoption service	Director, Children and Families	Core	✓					
CAS21	Payments to children and families	Director, Children and Families	Core					✓	
CAS22	Supported families grant claims	Director, Children and Families	Core	✓	✓	✓	✓	✓	✓
CAS23	Children's quality assurance unit	Director, Children and Families	Future			✓			



IA Ref.	Audit Area	Audit Sponsor	Type of review	2020-21 (for ref.)	2021/22 (for ref.)	2022/23 (for ref.)	2023/24	2024/25	2025/26
CAS24	Foster carers	Director, Children and Families	Core					✓	
CAS25	Placements - children in care service	Director, Children and Families	Core						✓
CAS26	Safeguarding	Director, Children and Families	Core			✓			
CAS27	Legal fees	Director, Children and Families	Core				✓		
CAS28	Youth offending service	Director, Children and Families	Core		✓				✓
CAS29	Care Leavers	Director, Children and Families	Core				✓		
CAS41	Adult learning services	Director, Education	Core			✓			
CAS42	Home to school transport	Director, Education	Core			✓			
CAS43	Music service	Director, Education	Core					✓	
CAS44	Pupil registry systems	Director, Education	Core			✓			
CAS45	School admissions	Director, Education	Core	✓					✓
CAS46	Special educational needs (SEN)	Director, Education	Core			✓			✓
CAS47	Traded services	Director, Education	Future			✓			
CAS48	Travel assistance	Director, Education	Core	✓					

IA Ref.	Audit Area	Audit Sponsor	Type of review	2020-21 (for ref.)	2021/22 (for ref.)	2022/23 (for ref.)	2023/24	2024/25	2025/26
CAS49	Departmental response to schools in financial difficulties	Director, Education	Future		✓				
SCH	Schools - cyclical programme*	Director, Education	Core	✓	✓	✓	✓	✓	✓
CAS06	Mental health services (healthy adults)	Director, Public Health	Core			✓			
CAS10	Substance Misuse (healthy adults)	Director, Public Health	Core / Future	✓		✓			
CAS51	Health and Wellbeing Strategy	Director, Public Health	Core				✓		
CAS52	Children and Young People Health	Director, Public Health	Core					✓	
CAS99	Service assurance / change programme reviews	Strategic Director, Children and Adult Services	Future				✓	✓	✓
Neighbourhoods and Growth Directorate									
NG01	Highways maintenance	Director, Environment	Core		✓			✓	
NG02	CCTV	Director, Environment	Core					✓	
NG03	Enforcement	Director, Environment	Core					✓	
NG04	Licencing	Director, Environment	Core		✓				
NG05	Parking management & estates parking permits	Director, Environment	Core			✓			

IA Ref.	Audit Area	Audit Sponsor	Type of review	2020-21 (for ref.)	2021/22 (for ref.)	2022/23 (for ref.)	2023/24	2024/25	2025/26
NG06	Markets	Director, Environment	Core			✓			
NG07	Materials	Director, Environment	Core			✓			
NG08	Pest control	Director, Environment	Core					✓	
NG09	Street lighting and signs	Director, Environment	Core					✓	
NG10	Commercial waste	Director, Environment	Core						✓
NG11	Fleet contract and strategy management	Director, Environment	Core	✓					
NG12	Estates cleaning and grounds maintenance	Director, Environment	Core				✓		
NG13	Waste contract / PFI	Director, Environment	Core	✓				✓	
NG14	Trading standards, food safety and health & safety	Director, Environment	Core					✓	
NG21	Cemeteries and crematoria	Director, Leisure	Core			✓			
NG22	Library service	Director, Leisure	Core		✓				✓
NG23	Leisure services	Director, Leisure	Core		✓		✓		
NG24	South Dock Marina	Director, Leisure	Future	✓	✓		✓		
NG25	Youth service	Director, Leisure	Core						✓
NG26	Parks	Director, Leisure	Core					✓	
NG27	Play service	Director, Leisure	Core						✓

IA Ref.	Audit Area	Audit Sponsor	Type of review	2020-21 (for ref.)	2021/22 (for ref.)	2022/23 (for ref.)	2023/24	2024/25	2025/26
NG28	Tree management service	Director, Leisure	Future / Core	✓			✓		
NG29	Volunteer management	Director, Leisure / Director, Environment	Core	✓					✓
NG31	No recourse to public funds	Director, Communities	Core				✓		
NG32	Tenancy management organisations (TMOs) - cyclical compliance audits	Director, Communities	Core	✓	✓	✓	✓	✓	✓
NG33	Tenancy Management organisations - use of reserves	Director, Communities	Future			✓			
NG34	Community projects	Director, Communities	Core						✓
NG41	Planning applications and s106 agreements	Director, Planning and Growth	Core	✓			✓		
NG42	Building control	Director, Planning and Growth	Core			✓			
NG43	Movement (Transport) policy	Director, Planning and Growth	Core	✓					
NG44	Land charges	Director, Planning and Growth	Core						✓
NG45	Community infrastructure levy	Director, Planning and Growth	Core	✓			✓		

IA Ref.	Audit Area	Audit Sponsor	Type of review	2020-21 (for ref.)	2021/22 (for ref.)	2022/23 (for ref.)	2023/24	2024/25	2025/26
NG46	Major regeneration programmes & projects	Director, Planning and Growth	Core			✓		✓	
NG47	Commercial property portfolio	Director, Planning and Growth	Core		✓				✓
NG51	Climate emergency	Climate Change and Sustainability Director	Future / Core	✓		✓		✓	
NG99	Service assurance / change programme reviews	Strategic Director, Neighbourhoods and Growth	Future				✓	✓	✓
<b>Housing Directorate</b>									
H01	New homes programme	Managing Director, Southwark Construction	Core	✓		✓			
H02	Ledbury Estate	Director, Ledbury Estate	Core					✓	
H11	Apex asset management system	Director, Asset Management	Core			✓			
H12	Engineering services	Director, Asset Management	Core						✓
H13	Gas servicing	Director, Asset Management	Core						✓
H14	Housing adaptations	Director, Asset Management	Core				✓		
H15	Major works	Director, Asset Management	Core		✓	✓		✓	
H16	Building Safety	Director, Asset Management	Future / Core			✓			

IA Ref.	Audit Area	Audit Sponsor	Type of review	2020-21 (for ref.)	2021/22 (for ref.)	2022/23 (for ref.)	2023/24	2024/25	2025/26
H17	Statutory disrepairs	Director, Asset Management	Core				✓		
H18	Southwark building services / repairs and maintenance	Director, Asset Management	Future / Core		✓	✓			
H21	Voids	Director, Resident Services	Core			✓			✓
H22	Housing tenancies	Director, Resident Services	Core		✓				✓
H23	Temporary accommodation	Director, Resident Services	Future / Core			✓	✓		
H24	MySouthwark home owner's agency	Director, Resident Services	Core						✓
H25	Housing solutions - applications and allocations	Director, Resident Services	Core	✓			✓		
H26	Housing solutions - homelessness	Director, Resident Services	Core			✓			
H27	Social housing regulation	Director, Resident Services	Future				✓		
H99	Service assurance / change programme reviews	Strategic Director, Housing	Future				✓	✓	✓
Finance Directorate									
F01	Key Financial System - General ledger	Director, Finance	Core			✓			✓
F02	Key Financial System -	Director, Finance	Core		✓			✓	



IA Ref.	Audit Area	Audit Sponsor	Type of review	2020-21 (for ref.)	2021/22 (for ref.)	2022/23 (for ref.)	2023/24	2024/25	2025/26
	Treasury management								
F03	Key Financial System - Suspense accounts management	Director, Finance	Core		✓			✓	
F04	Key Financial System - SAP scheme of delegation and authorisations	Director, Finance	Core	✓					✓
F05	Housing revenue account (HRA)	Director, Finance	Core		✓			✓	
F06	Financial planning	Director, Finance	Core		✓			✓	
F07	Budgetary control	Director, Finance	Core				✓		
F08	Fraud protocols and fraud risk management	Director, Finance	Core	✓					✓
F09	Bribery and corruption controls	Director, Finance	Core					✓	
F10	Capital expenditure management	Director, Finance	Core			✓			✓
F11	Key Financial System - Mosaic	Director, Finance / Director, Adult Service / Director, Children and Families	Core	✓		✓	✓	✓	✓
F21	Key Financial System - Council tax	Director, Customer and Exchequer Services	Core		✓			✓	
F22	Key Financial System - NNDR	Director, Customer and Exchequer Services	Core		✓			✓	

IA Ref.	Audit Area	Audit Sponsor	Type of review	2020-21 (for ref.)	2021/22 (for ref.)	2022/23 (for ref.)	2023/24	2024/25	2025/26
F23	Key Financial System - Housing rents	Director, Customer and Exchequer Services	Core	✓		✓		✓	
F24	Key Financial System - Accounts receivable / debt management	Director, Customer and Exchequer Services	Core	✓			✓		
F25	Key Financial System - Payroll	Director, Customer and Exchequer Services	Core	✓	✓	✓	✓	✓	✓
F26	Key Financial System - Accounts payable	Director, Customer and Exchequer Services	Core	✓	✓	✓		✓	
F27	Key Financial System - Housing benefits	Director, Customer and Exchequer Services	Core		✓		✓		✓
F28	Use of consultants / payments to individuals outside of PAYE / IR35	Director, Customer and Exchequer Services	Core			✓			
F29	Corporate credit cards	Director, Customer and Exchequer Services	Core	✓					✓
F30	Cost of Living Fund	Director, Customer and Exchequer Services	Core				✓		
F31	Blue badges and freedom passes	Director, Customer and Exchequer Services	Core					✓	
F41	Registrars	Director, Customer and Exchequer Services	Core					✓	
F51	Right to buy	Director, Customer and Exchequer Services	Core			✓			

IA Ref.	Audit Area	Audit Sponsor	Type of review	2020-21 (for ref.)	2021/22 (for ref.)	2022/23 (for ref.)	2023/24	2024/25	2025/26
F52	Customer Access Strategy	Director, Customer and Exchequer Services	Future		✓				
F53	Insurance	Director, Customer and Exchequer Services	Core		✓			✓	
F54	Home ownership - mortgages	Director, Customer and Exchequer Services	Core					✓	
F55	Home ownership - charges to leaseholders	Director, Customer and Exchequer Services	Core					✓	
F56	Home ownership - garages	Director, Customer and Exchequer Services	Core				✓		
F57	Enforcement agents, rent arrears and write offs	Director, Customer and Exchequer Services	Core		✓				
F58	Contact centre	Director, Customer and Exchequer Services	Future	✓					
F61	Contracts Register	Head of Procurement (Council-wide review)	Core		✓			✓	
F62	Fairer Future Procurement Framework	Head of Procurement (Council-wide review)	Core	✓	✓		✓		
F63	Contract Management	Head of Procurement (Council-wide review)	Soft				✓		
F64	Supplier resilience	Head of Procurement (Council-wide review)	Core			✓			
F71	Pensions Administration	Pensions Manager	Core	✓	✓	✓	✓	✓	✓
F99	Service assurance /	Strategic Director, Finance	Future			✓	✓	✓	✓

IA Ref.	Audit Area	Audit Sponsor	Type of review	2020-21 (for ref.)	2021/22 (for ref.)	2022/23 (for ref.)	2023/24	2024/25	2025/26
	change programme reviews								
Strategy and Communities									
SC01	Communications and media	Assistant Chief Executive / Head of Communications and Corporate Consultation	Core					✓	
SC11	Council Delivery Plan	Assistant Chief Executive / Strategy and Change Manager (Council-wide review)	Core				✓		
SC12	Transformation, programme, project and change management	Assistant Chief Executive / Strategy and Change Manager	Future					✓	
SC21	Equality, Diversity, and Inclusion	Assistant Chief Executive - Strategy and Communities	Soft				✓		
SC22	Community engagement	Assistant Chief Executive - Strategy and Communities	Future				✓		
SC31	Emergency planning and resilience, and business continuity	Assistant Chief Executive / Emergency Planning and Resilience Manager	Core		✓			✓	
SC41	Strategy and policy development	Assistant Chief Executive / Head of Policy, Partnerships and Performance	Core					✓	
SC42	Economic Renewal Plan	Assistant Chief Executive - Strategy and Communities	Core				✓		
Governance and Assurance									

IA Ref.	Audit Area	Audit Sponsor	Type of review	2020-21 (for ref.)	2021/22 (for ref.)	2022/23 (for ref.)	2023/24	2024/25	2025/26
GA01	Risk Management	Assistant Chief Executive - Governance and Assurance	Core		✓			✓	
GA02	Hospitality and gifts register, register of interests	Assistant Chief Executive - Governance and Assurance	Core			✓			
GA03	Data Protection Compliance	Assistant Chief Executive / Governance and Assurance	Core		✓				
GA04	Records Management	Assistant Chief Executive / Governance and Assurance	Core	✓			✓		
GA11	Staff recruitment and vetting	Assistant Chief Executive / Director, HR, FM, and ICT	Core				✓		
GA12	Sickness absence management, monitoring and reporting	Assistant Chief Executive / Director, HR, FM, and ICT	Core			✓			
GA13	Organisational development	Assistant Chief Executive / Director, HR, FM, and ICT	Core						✓
GA14	Culture maturity	Assistant Chief Executive / Director, HR, FM, and ICT	Future					✓	
GA21	Corporate facilities management	Assistant Chief Executive / Director, HR, FM, and ICT	Core		✓			✓	
GA22	Health and safety	Assistant Chief Executive / Director, HR, FM, and ICT	Core		✓			✓	
GA31	Network security	Director, HR, FM and ICT / Chief Digital and Technology Officer	Core		✓		✓		

IA Ref.	Audit Area	Audit Sponsor	Type of review	2020-21 (for ref.)	2021/22 (for ref.)	2022/23 (for ref.)	2023/24	2024/25	2025/26
GA32	IT disaster recovery and business continuity planning	Director, HR, FM and ICT / Chief Digital and Technology Officer	Core		✓			✓	
GA33	IT shared service arrangements	Director, HR, FM and ICT / Chief Digital and Technology Officer	Core						✓
GA34	Change control	Director, HR, FM and ICT / Chief Digital and Technology Officer	Core				✓		
GA35	Website security and maintenance	Director, HR, FM and ICT / Chief Digital and Technology Officer	Core				✓		
GA36	Cloud strategy	Director, HR, FM and ICT / Chief Digital and Technology Officer	Core				✓		
GA37	Cyber security	Director, HR, FM and ICT / Chief Digital and Technology Officer	Core	✓	✓ (reliance on third party assurance)		✓		
GA38	Cloud computing	Director, HR, FM and ICT / Chief Digital and Technology Officer	Core			✓			
GA39	Mobile device management	Director, HR, FM and ICT / Chief Digital and Technology Officer	Core					✓	

IA Ref.	Audit Area	Audit Sponsor	Type of review	2020-21 (for ref.)	2021/22 (for ref.)	2022/23 (for ref.)	2023/24	2024/25	2025/26
GA40	Software asset management	Director, HR, FM and ICT / Chief Digital and Technology Officer	Core	✓		✓			
GA41	Applications Review	Director, HR, FM and ICT / Chief Digital and Technology Officer	Core			✓			
GA51	Whistleblowing	Assistant Chief Executive - Governance and Assurance	Core		✓				
GA52	Complaints	Assistant Chief Executive - Governance and Assurance	Core		✓	✓			
GA61	Electoral register and elections	Assistant Chief Executive / Head of Electoral Services	Core		✓				
GA71	Member Officer Protocol	Assistant Chief Executive / Head of Constitutional Services	Core			✓			
GA72	Members allowances	Assistant Chief Executive / Head of Constitutional Services	Core		✓				
Strategic Commissioning / Integrated Care System for Southwark									
ICS01	Partnership governance and integration of services	Director, Commissioning	Future				✓		
ICS02	Commissioning of services	Director, Commissioning	Core				✓		
ICS03	Contract Management	Director, Commissioning	Core		✓			✓	

# 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 and defines the scope of internal audit activities.

Final approval resides with the Council, 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 London Borough of Southwark. 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 London Borough of Southwark (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, to ensure that you have certainty around the fees you will pay us.

### **Independence and internal audit's position within London Borough of Southwark**

To provide for internal audit's independence, its personnel, and external partners report to the Head of Internal Audit, who reports functionally to the Audit Committee. The Head of Internal Audit has free and full access to the Chair of the Audit, Governance and Standards Committee. The Head of Internal Audit reports administratively to the Strategic Director, Finance (\$151 Officer) who provides day-to-day oversight.

The appointment or removal of the Head of Internal Audit 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 London Borough of Southwark.

If 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 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 countering 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 suspects 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 London Borough of Southwark 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, for example the Data Protection Act 2018.

### **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 London Borough of Southwark**

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 Council 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 below 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 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><b><i>Audit Coverage</i></b></p> <p>Annual Audit Plan delivered in line with timetable.</p> <p>Actual days are in accordance with Annual Audit Plan.</p>
<p><b><i>Relationships and customer satisfaction</i></b></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 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><b><i>Staffing and Training</i></b></p> <p>At least 60% input from qualified staff.</p>
<p><b><i>Audit Reporting</i></b></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>

90% recommendations to be accepted by management.

Information is presented in the format requested by the customer.

#### **Audit Quality**

High quality documents produced by the auditor that are clear and concise and contain all the information requested.

Positive result from any external review.

### **Management and staff commitments to Internal Audit**

The management and staff of London Borough of Southwark commit to the following:

- Providing unrestricted access to all of London Borough of Southwark'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 Annual Report.

**Table Two: Performance measures for management and staff**

<b>Measure / Indicator</b>
<b><i>Response to Reports</i></b>
Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt.
<b><i>Implementation of recommendations</i></b>
Audit sponsor to implement all audit recommendations within the agreed timeframe.
<b><i>Co-operation with internal audit</i></b>
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.

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