



IDEAS | PEOPLE | TRUST

INTERNAL AUDIT ANNUAL PLAN

LONDON BOROUGH OF SOUTHWARK

2024/25

For discussion at Audit, Governance and Standards Committee - 5 February 2024



CONTENTS

	Page
1. INTERNAL AUDIT RISK ASSESSMENT	3
2. NEXT GEN INTERNAL AUDIT APPROACH	5
3. MAPPING CORPORATE RISK REGISTER TO STRATEGIC PLAN	6
4. INTERNAL AUDIT OPERATIONAL PLAN 2024-25	12
5. FOR REFERENCE: STRATEGIC PLAN 2020-21 TO 2025-26	27
APPENDIX 1: INTERNAL AUDIT CHARTER	42

1. INTERNAL AUDIT RISK ASSESSMENT

Background

BDO LLP are the appointed internal auditors to the London Borough of Southwark (the Council), to provide the Council with assurance on the adequacy of internal control, risk management and governance arrangements. Our role at the Council will also be aimed at helping management to improve these arrangements to help reduce the effects of any significant risks.

We report to the Council's Strategic Director of Finance (and Section 151 officer) on an operational basis. The Engagement Director, Aaron Winter, is the Council's Chief Audit Executive.

Our risk-based approach to internal audit uses the Council'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 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 2024-25

The indicative Internal Audit programme for 2024-25 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 2024-25
- Rolled forward audits from 2023-24, which were deferred through appropriate agreement
- Reviewed the corporate risk register, as of December 2023
- 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 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.

The plan was circulated to the Corporate Management Team for comments on 23 January 2024, prior to presentation to the Audit, Governance and Standards Committee for formal review and approval on 5 February 2024.

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 strategic internal audit plan, set out on pages 27 to 41. 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 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 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 PLAN

Where there are direct links between audits within the internal audit work programme and the Corporate Risk Register, these are included in the table below. Where there are other reasons for inclusion of audits, these are recorded in in the 2024-25 operational plan, including for example references to directorate risk registers, management requests and new projects or statutory requirements.

No.	CRR Ref. (and score)	Strategic Risks from the Council’s Corporate Risk Register (December 2023)	2023-24 (for reference)	2024-25	2025-26 (indicative plan)
1	CR0020 (96 - High)	<p>Medium Term Financial Planning</p> <p>The continued uncertainty regarding local government funding beyond 2023-24, 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. 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>	<ul style="list-style-type: none"> Budgetary monitoring and reporting 	<ul style="list-style-type: none"> Financial planning Treasury management 	<ul style="list-style-type: none"> Capital programme management
2	CR0021 (96 - High)	<p>Legal and Regulatory - Government policy</p> <p>Legislative and / or financial changes, including current and future loss of funding or international factors stemming from changes in government policy,</p>	-	<ul style="list-style-type: none"> Financial planning Southwark 2030 and strategic planning 	-

NB: Financial planning and budget management will be considered in service / operational reviews where appropriate.

No.	CRR Ref. (and score)	Strategic Risks from the Council's Corporate Risk Register (December 2023)	2023-24 (for reference)	2024-25	2025-26 (indicative plan)
		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.	<i>NB: Policy changes will be considered as part of individual service reviews where appropriate.</i>		
3	CR0022 (96 - High)	<p>Acute Socio-Economic Factors</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>	<ul style="list-style-type: none"> • Council delivery plan • Housing Revenue Account 	<ul style="list-style-type: none"> • Financial planning • Southwark 2030 and strategic planning • Transformation programme and change management 	<ul style="list-style-type: none"> • Capital programme management • Fairer Future Procurement Framework
4	CR0025 (96 - High)	<p>Cyber Security, IT, Data, and Information Management</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</p>	<ul style="list-style-type: none"> • IT audits • Records management 	<ul style="list-style-type: none"> • IT audits • Information requests 	<ul style="list-style-type: none"> • IT audits

No.	CRR Ref. (and score)	Strategic Risks from the Council's Corporate Risk Register (December 2023)	2023-24 (for reference)	2024-25	2025-26 (indicative plan)
		reputation of the council and staff productivity and morale.			
5	CR0026 (96 - High)	Unforeseen Major Event 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.	-	<ul style="list-style-type: none"> Emergency planning and resilience, and business continuity 	-
6	CR0027 (96 - High)	Climate Emergency 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.	-	<ul style="list-style-type: none"> Climate emergency 	-
7	CR0028 (96 - High)	Fraud 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.	<ul style="list-style-type: none"> Contract management 	<ul style="list-style-type: none"> Bribery and corruption 	<ul style="list-style-type: none"> Fraud protocols and fraud risk management Insurance Fairer Future Procurement Framework
			<i>NB: Risk of fraud considered routinely as part of scoping internal audit reviews</i>		
8	CR0029 (88 - High)	Health and Safety 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.	<ul style="list-style-type: none"> Building safety Health and wellbeing strategy Tree management service 	<ul style="list-style-type: none"> Substance misuse 	<ul style="list-style-type: none"> Children and young people health

No.	CRR Ref. (and score)	Strategic Risks from the Council's Corporate Risk Register (December 2023)	2023-24 (for reference)	2024-25	2025-26 (indicative plan)
9	CR0030 (88 - High)	<p>Failure of Key Provider</p> <p>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.</p>	-	<ul style="list-style-type: none"> Contract management Social care contract management Waste management contract / PFI 	<ul style="list-style-type: none"> Fairer Future Procurement Framework
			<i>NB: Risk of provider failure will be considered within specific service reviews as appropriate.</i>		
10	CR0031 (99 - High)	<p>Asset Management and Building Safety</p> <p>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.</p>	<ul style="list-style-type: none"> Housing adaptations Major regeneration Statutory disrepairs 	<ul style="list-style-type: none"> Apex asset management system Social housing regulations - major buildings Social housing regulations - compliance 	<ul style="list-style-type: none"> Commercial property portfolio Voids My Southwark homeowners agency
11	CR0034 (96 - High)	<p>Cost of Living</p> <p>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.</p> <p>The return to higher levels of inflation, the unpredictability and specific incidences of high inflation rates (eg building and energy costs) create revenue and/or capital budget gaps when compared to</p>	<ul style="list-style-type: none"> Budget monitoring and reporting Cost of living fund Integrated care board governance and partnership working 	<ul style="list-style-type: none"> Southwark 2030 and strategic planning Financial planning 	-

No.	CRR Ref. (and score)	Strategic Risks from the Council's Corporate Risk Register (December 2023)	2023-24 (for reference)	2024-25	2025-26 (indicative plan)
		the level of resources available, creating conflict within the council budget structure There is a risk that the necessary resources required to support business 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)	Schools and Education 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.	<ul style="list-style-type: none"> • School internal audit programme 	<ul style="list-style-type: none"> • School internal audit programme 	<ul style="list-style-type: none"> • School internal audit programme
13	CR0036 (88 - High)	Capital Programme and Major Projects 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.	-	<ul style="list-style-type: none"> • Treasury management 	<ul style="list-style-type: none"> • Capital programme expenditure management
14	CR0037 (93 - High)	Health and Social Care Act 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.	<ul style="list-style-type: none"> • Partnership governance and integration of services • Commissioning of services 	<ul style="list-style-type: none"> • Financial planning • Social care contract management arrangements • Waiting lists 	-

No.	CRR Ref. (and score)	Strategic Risks from the Council's Corporate Risk Register (December 2023)	2023-24 (for reference)	2024-25	2025-26 (indicative plan)
15	CR0038 (88 - High)	<p>Recruitment, Retention, Resources and Capacity</p> <p>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.</p>	<ul style="list-style-type: none"> • Staff recruitment and vetting 	<ul style="list-style-type: none"> • Workforce governance 	<ul style="list-style-type: none"> • Culture maturity • Equality, diversity, and inclusion

4. INTERNAL AUDIT OPERATIONAL PLAN 2024-25

Plan Ref.	Area	Type of Review	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review	Reason for Inclusion
Children and Adult Services Directorate							
CAS02	Client finances and appointeeships	Core	Director of Adult Social Care	15	Q3	Assurance on the adequacy and effectiveness of the management of clients finances where the Council acts as appointee, including approvals, records maintained on use of clients' monies and possessions.	Statutory requirement Cyclical review
CAS14	Waiting lists	Core	Director of Adult Social Care	15	Q1	A high level review of the how well the Council engages with and manages waiting lists.	Management request An area within CQC inspection enquiries.
CAS21	Payments to children and families	Core	Director of Children and Families	15	Q1	Assurance over the adequacy and effectiveness of the controls for monies paid to children and families under S17 of the Childrens Act 1989, including authorisation, records management, and reconciliation.	Statutory requirement Cyclical review
CAS22	Supported families grant claims	Core	Director of Children and Families	20	Quarterly	Confirmation for a sample of 10% of claims to confirm eligibility under the Council's supporting families' outcomes plan.	Requirement set by the Department for Levelling Up, Housing and Communities.

Plan Ref.	Area	Type of Review	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review	Reason for Inclusion
CAS24	Foster carers	Core	Director of Children and Families	15	Q2	Assurance on the appointment and payment of foster carers and how the Council ensures that foster carers meet the Council's initial and ongoing requirements.	Cyclical review
CAS47	Traded services	Future	Director of Children and Families	20	Q3	A review of the Education traded services models adopted by the Council to confirm that they are appropriate to recover the costs incurred.	Cyclical review.
CAS54	Substance misuse	Core	Director of Public Health	15	Q1	A review of the Council's delivery against its substance misuse policies relating to drug and alcohol abuse.	A public health priority, aligned to the national goals of improving health and social outcomes, reducing crime, and reducing the harm caused by drug and alcohol use to the individual and the community.
SCH01	School assurance programme	Core	Director of Children and Families	130	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	Corporate risk CR0035 Directorate risk CAS0061 (medium low)

Plan Ref.	Area	Type of Review	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review	Reason for Inclusion
						an internal audit at least once in every four years, the nature of the audit is determined in discussion with the Director of Education, as well as Finance and School Improvement teams.	
Total - Children and Adults Directorate				245	days		
Environment, Neighbourhoods and Growth Directorate							
ENG01	Highways maintenance	Core	Director of Environment	15	Q3	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.	Statutory duty. Cyclical audit.
ENG03	Enforcement	Core	Director of Environment	15	Q1	To review the adequacy of procedures and controls with regards to joint enforcement with the police, including clarity of roles and responsibilities and record keeping, plus fixed penalty notices and receipt of fines and escalation procedures where these are not paid.	Cyclical audit. Income source.
ENG08	Pest control	Core	Director of Environment	15	Q2	Assurance over the adequacy and effectiveness of the contract management arrangements, delivery	Cyclical audit

Plan Ref.	Area	Type of Review	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review	Reason for Inclusion
						against KPIs and the extent to which income generated is meeting the Council's expectations.	
ENG09	Street lighting and signs	Core	Director of Environment	15	Q4	Assurance over the adequacy and effectiveness of the controls that ensure the boroughs and signs are maintained to expected standards, and that KPIs, including quality metrics, are met with regards to repairs and maintenance.	Cyclical audit
ENG13	Waste contract / PFI	Core	Director of Environment	20	Q2	Assurance over the adequacy and effectiveness of the contract, delivery against KPIs and financial management arrangements on the waste management contract and PFI.	Cyclical audit
ENG25	Youth and play service	Core	Director of Leisure	20	Q3	Assurance over the adequacy and effectiveness of the governance, risk management and financial controls relating to the youth and play service.	Cyclical audit
ENG48	Streets for people strategy	Future	Director of Environment	15	Q2	A review of how the strategy is being implemented across the Council, integration into existing and new plans, plus the governance, monitoring, and progress reporting arrangements.	New strategy

Plan Ref.	Area	Type of Review	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review	Reason for Inclusion
ENG51	Climate emergency	Core	Climate Change and Sustainability Director	20	Q1	Following on from our previous reviews of governance and strategy, this audit will review the delivery of the plans that underpin the Council's climate emergency strategy.	Directorate risk ENG0029 (high) Cyclical audit
Total - Neighbourhoods and Growth Directorate				135	days		
Finance Directorate							
F02	Key financial system - treasury management	Core	Strategic Director of Finance	15	Q1	Assurance over the Council's compliance with the Chartered Institute of Public Finance and Accountancy Treasury Management Code of Practice, and the adequacy and effectiveness of the internal control environment for investment and borrowing transactions.	Directorate risk FIN0027 (medium) Key financial system Cyclical review
F03	Key financial system - suspense accounts management	Core	Director of Customer and Exchequer Services	15	Q2	A review of the controls and administration of the Council's suspense accounts to provide assurance on policies and procedures, access levels, that the number of transactions routed to the suspense accounts is minimised and transactions are authorised, cleared, and transferred to the correct account on a timely basis.	Key financial system Cyclical review

Plan Ref.	Area	Type of Review	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review	Reason for Inclusion
F06	Financial planning	Future	Strategic Director of Finance	25	Q3	A review of the end to end process for developing the medium term financial strategy and annual financial planning cycle.	Key financial system Cyclical review Directorate risk CAS0063 (medium) Directorate risk FIN0001 and FIN0019 (high)
F09	Bribery and corruption controls	Core	Strategic Director of Finance	20	Q1	Assurance over the adequacy of the control framework in place to manage the risks of bribery and corruption, and how the Fairer Future Anti-fraud, bribery and corruption strategy is effected in practice.	Cyclical review Directorate risk FIN00028 (medium) Directorate risk HOU0009 (medium) and HOU0019 (medium low)
F21	Key financial system - council tax	Core	Director of Customer and Exchequer Services	20	Q3	Assurance over the continuing adequacy of and compliance with controls in respect of council tax.	Key financial system Biennial review Directorate risk FIN010 (medium)
F23	Key financial system - housing rents	Core	Director of Customer and Exchequer Services	20	Q3	Assurance over the continuing adequacy of and compliance with controls in respect of housing rents.	Key financial system Biennial review Directorate risk FIN0006 (high)

Plan Ref.	Area	Type of Review	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review	Reason for Inclusion
F26	Key financial system - accounts Payable	Core	Director of Customer and Exchequer Services	20	Q3	Assurance over the continuing adequacy of and compliance with controls in respect of accounts payable.	Key financial system Biennial review
F56	Service charges	Core	Director of Customer and Exchequer Services	10	Q3	Assurance that the new automated system for housing service charges is operating as intended.	Management request
F63	Contract management	Core	Head of Procurement (Council-wide review)	15	Q3	A follow up of the externally commissioned review of contract management completed during 2023-24, to confirm appropriate implementation of the recommendations.	Key system. Directorate risk ENG007 (medium) Directorate risk FIN0080 (medium) Directorate risk HOU0005 (medium)
F71	Pensions administration	Core	Pensions Manager	15	Q3	A review of statutory compliance around auto enrolment and statements/AVC contributions, plus an assessment of the effectiveness of the inter-relationship with payroll.	Directorate risks FIN0058 to FIN0067 (medium to low) Key financial system Annual review
F-IT	IT audit plan	Core	Chief Digital and Technology Officer	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 2024-25.	Corporate risk CR0025 Key systems.

Plan Ref.	Area	Type of Review	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review	Reason for Inclusion
Total - Finance Directorate				245	days		
Housing Directorate							
H03	Social housing regulations - major buildings	Core	Director of Ledbury Estate	15	Q1	Assurance over the adequacy of the Council's programme for ensuing compliance with the new social housing regulations relating to major buildings.	Directorate risk HOU0001 (medium) New legislation / regulations
H11	Apex asset management system	Core	Director of Asset Management	20	Q1	Assurance over the accuracy and completeness of asset records maintained on the Apex system, including property information, and statutory inspections.	Cyclical review Directorate risk HOU0015 (medium)
H12	Engineering services	Core	Director of Asset Management	15	Q2	Assurance over the adequacy and effectiveness of the governance, risk management and financial controls relating to engineering services.	Cyclical review
H23	Temporary accommodation	Core	Director of Resident Services	20	Q4	Assurance over the controls over temporary accommodation, including identification of property, procurement and ensuring it meets required standards.	Directorate risk HOU0010 (medium low) Subject to budget recovery board in 2022-23 and 2023-24. Continued increased demand

Plan Ref.	Area	Type of Review	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review	Reason for Inclusion
							due to cost of living issues.
H25	Housing solutions - applications and allocations	Core	Director of 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 regulations - preparedness / compliance	Director, Resident Services	Director of Resident Services	20	Q3	Assurance over the Council's implementation of and compliance with the social housing regulations introduced in 2023-24.	Management request
H30	Tenancy management organisations (TMOs)	Core	Director of Resident Services	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 requires ongoing assurance.
Total - Housing Directorate				140	days		
Strategy and Communities							
SC01	Communications and media	Core	Assistant Chief Executive / Head of Communications	15	Q1	Assurance over the adequacy and effectiveness of the governance and risk management controls relating to	Cyclical review

Plan Ref.	Area	Type of Review	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review	Reason for Inclusion
			and Corporate Consultation			the Council's external communications and media responses.	
SC12	Transformation, programme, project and change management	Future	Assistant Chief Executive / Head of Strategy and Change	15	Q2	A high level review over the adequacy and effectiveness of the governance and risk management controls relating to the Council's transformation programme, including ownership, capacity, and resourcing.	Underpins the Council's strategic direction.
SC31	Emergency planning and resilience, and business continuity	Core	Assistant Chief Executive / Emergency Planning and Resilience Manager	15	Q1	Assurance over the design and operational effectiveness of the controls relating to the emergency planning response and arrangements at the Council. The audit will include a review of whether roles and responsibilities are clear across the Council and with other agencies.	Directorate risk ASC0001 (medium) Cyclical review
SC41	Southwark 2030 and strategic planning	Future	Chief Executive / Assistant Chief Executive / Head of Strategy and Change	25	Q3	A review of the strategic planning process, considering the development of Southwark 2030 and underlying plans, the recommendations arising from the corporate peer review. It will consider the synergy of plans, how the risk of multiple planning / duplication has been managed and the capacity and capability to deliver the plans has been assessed and stress tested.	Chief Executive request. Underpins achievement of the Council's strategic direction.

Plan Ref.	Area	Type of Review	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review	Reason for Inclusion
Total - Strategies and Communities				70	days		
Governance and Assurance							
GA05	Information Requests	Core	Assistant Chief Executive - Governance and Assurance	20	Q1	A review of the adequacy and effectiveness of controls relating to Freedom of Information (FOI), Subject Access Requests (SAR) and Environmental Information Requests (EIR) such that statutory requirements and timeframes are met.	Corporate risk CR0025. Directorate risk AGA0017 (medium low)
GA15	Workforce governance	Future	Chief Executive / Assistant Chief Executive - Governance and Assurance	30	Q1	A review of the governance and risk management of the workforce. It will consider how the Council manages the induction, training, development, and supervision of new employees to ensure that they have the appropriate skills and knowledge to perform their roles and responsibilities. It will consider the consistency of approaches across all Council tiers.	Directorate risk AGA0009 (medium) Directorate risk FIN005 (high) Underpins the Council's strategic direction.
GA16	Key Financial System - Payroll	Core	Assistant Chief Executive / Director of People & Organisational Development	15	Q4	Assurance over the continuing adequacy of and compliance with controls in respect of payroll.	Directorate risk AGA0041 (medium) Key financial system Annual review

Plan Ref.	Area	Type of Review	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review	Reason for Inclusion
GA72	Scrutiny	Core	Assistant Chief Executive - Governance and Assurance	20	Q2	Specific areas to be agreed at time of scoping.	Request by the Assistant Chief Executive - Governance and Assurance New audit area
GA72	Mayor's office and expenses	Core	Assistant Chief Executive - Governance and Assurance	15	Q2	A review of the adequacy and controls over the Mayor's office and expenses.	New audit area
Total - Governance and Assurance				100	days		
Southwark Integrated Care System / Commissioning							
ICS03	Social care contract management	Core	Director, Commissioning	25	Q2	Assurance over the contract management arrangements relating to the ICS, including clarity of roles and responsibilities, management of delivery against expectations and KPIs and resolution of performance issues.	Corporate risks CR0034 and CR0037 Directorate risk CAS0030 (medium) 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				25	days		

Plan Ref.	Area	Type of Review	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review	Reason for Inclusion
Contract Management and Requirements under the PSIA Standards							
CM1	Chief Audit Executive role	Core	Strategic Director of 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	Planning, liaison, management and in year reporting	Core	CMT and Strategic 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.	Effective planning and delivery.
CM3	Recommendations Follow Up	Core	Strategic Directors	30	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.	Requirement under PSIA Standards and effective assurance that issues have been addressed such that risks are being effectively managed.
Total - Contract Management & Requirements under PSIA Standards				70	days		

Plan Ref.	Area	Type of Review	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review	Reason for Inclusion
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>Additional days to be agreed through discussion.</p> <p>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"> • Transparency reporting support (already agreed - 12 days per annum) • New emerging risks • Grant audits • System implementation (attendance at Project Groups) • Attendance at corporate groups (e.g., Corporate Governance Panel) • Ad hoc advice and support (e.g., school training and awareness, tax issues, employment regulations) 	Provides flexibility to the Corporate Management team, Directors and Audit, Governance and Standards Committee should the need arise during the year.

Summary by Council Directorate	Days
Children and Adult Services	115
Schools	130
Environment, Neighbourhoods and Growth	135
Finance	245
Housing	140
Strategies and Communities	70
Governance and Assurance	100
Strategic Commissioning / Integrated Care System for Southwark	25
Contract Management and Requirements under the PSIA Standards	70
Total days	1,030

Summary by Type of Review	Days
Core Assurance	800
Soft Controls	25
Future Focused Reviews	135
Flexible Audit Resource	0*
Contract Management and Requirements under the PSIA Standards	70
Total days	1,030

** 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. FOR REFERENCE - INTERNAL AUDIT PLANS 2020-21 to 2025-26

IA Ref.	Audit Area	Audit Sponsor	Type of review	2020-21 (for ref.)	2021-22 (for ref.)	2022-23 (for ref.)	2023-24 (for ref.)	2024-25 (proposed)	2025-26 (indicative)
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			✓			
CAS14	Waiting Lists	Director, Adult Social Care	Core					✓	
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	✓	✓	✓	✓	✓	✓

IA Ref.	Audit Area	Audit Sponsor	Type of review	2020-21 (for ref.)	2021-22 (for ref.)	2022-23 (for ref.)	2023-24 (for ref.)	2024-25 (proposed)	2025-26 (indicative)
CAS23	Children's quality assurance unit	Director, Children and Families	Future			✓			
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, Children and Families	Core			✓			
CAS42	Home to school transport	Director, Children and Families	Core			✓			
CAS43	Music service	Director, Children and Families	Core						
CAS44	Pupil registry systems	Director, Children and Families	Core			✓			
CAS45	School admissions	Director, Children and Families	Core	✓					✓

IA Ref.	Audit Area	Audit Sponsor	Type of review	2020-21 (for ref.)	2021-22 (for ref.)	2022-23 (for ref.)	2023-24 (for ref.)	2024-25 (proposed)	2025-26 (indicative)
CAS46	Special educational needs (SEN)	Director, Children and Families	Core			✓			✓
CAS47	Traded services	Director, Children and Families	Future			✓		✓	
CAS48	Travel assistance	Director, Children and Families	Core	✓					
CAS49	Departmental response to schools in financial difficulties	Director, Children and Families	Future		✓				
CAS50	SEND Finance	Director, Children and Families	Core			✓			
SCH	Schools - cyclical programme*	Director, Children and Families	Core	✓	✓	✓	✓	✓	✓
CAS51	Health and wellbeing strategy	Director, Public Health	Core				✓		
CAS52	Children and young people health	Director, Public Health	Core						✓
CAS53	Mental health services	Director, Public Health	Core			✓			
CAS54	Substance misuse	Director, Public Health	Core	✓		✓		✓	
Environment, Neighbourhoods and Growth Directorate									
ENG01	Highways maintenance	Director, Environment	Core		✓			✓	
ENG02	CCTV	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 (for ref.)	2024-25 (proposed)	2025-26 (indicative)
ENG03	Enforcement	Director, Environment	Core					✓	
ENG04	Licencing	Director, Environment	Core		✓				
ENG05	Parking management & estates parking permits	Director, Environment	Core			✓			
ENG06	Markets	Director, Environment	Core			✓			
ENG07	Materials	Director, Environment	Core			✓			
ENG08	Pest control	Director, Environment	Core					✓	
ENG09	Street lighting and signs	Director, Environment	Core					✓	
ENG10	Commercial waste	Director, Environment	Core						✓
ENG11	Fleet contract and strategy management	Director, Environment	Core	✓					
ENG12	Estates cleaning and grounds maintenance	Director, Environment	Core				✓		
ENG13	Waste contract / PFI	Director, Environment	Core	✓				✓	
ENG14	Trading standards, food safety and health & safety	Director, Environment	Core						✓
ENG21	Cemeteries and crematoria	Director, Leisure	Core			✓			
ENG22	Library service	Director, Leisure	Core		✓				
ENG23	Leisure services	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 (for ref.)	2024-25 (proposed)	2025-26 (indicative)
ENG24	South Dock Marina	Director, Leisure	Future	✓	✓				✓
ENG25	Youth and play service	Director, Leisure	Core					✓	
ENG26	Culture and events	Director, Leisure	Core	✓					✓
ENG28	Tree management service	Director, Leisure	Future / Core	✓			✓		
ENG29	Volunteer management	Director, Leisure / Director, Environment	Core	✓					
ENG31	No recourse to public funds	Director, Communities	Core				✓		
ENG41	Planning applications and s106 agreements	Director, Planning and Growth	Core	✓			✓		
ENG42	Building control	Director, Planning and Growth	Core			✓			
ENG43	Movement (Transport) policy	Director, Planning and Growth	Core	✓					
ENG44	Land charges	Director, Planning and Growth	Core						✓
ENG45	Community infrastructure levy	Director, Planning and Growth	Core	✓			✓		
ENG46	Major regeneration programmes & projects	Director, Planning and Growth	Core			✓		✓	
ENG47	Commercial property portfolio	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 (for ref.)	2024-25 (proposed)	2025-26 (indicative)
ENG48	Streets for people strategy	Director of Environment	Core					✓	
ENG51	Climate emergency	Climate Change and Sustainability Director	Future / Core	✓		✓		✓	
Finance Directorate									
F01	Key financial system - General ledger	Director, Finance	Core			✓			✓
F02	Key financial system - Treasury management	Director, Finance	Core		✓			✓	
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					✓	

IA Ref.	Audit Area	Audit Sponsor	Type of review	2020-21 (for ref.)	2021-22 (for ref.)	2022-23 (for ref.)	2023-24 (for ref.)	2024-25 (proposed)	2025-26 (indicative)
F10	Capital expenditure management	Director, Finance	Core			✓			✓
F11	Key financial system - Mosaic	Director, Finance / Director, Adult Service / Director, Children and Families	Core	✓		✓	✓		✓
F12	Bankline	Director, Customer and Exchequer Services	Core				✓		
F21	Key financial system - council tax	Director, Customer and Exchequer Services	Core		✓			✓	
F22	Key financial system - NNDR	Director, Customer and Exchequer Services	Core		✓				✓
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	✓			✓		
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				✓		

IA Ref.	Audit Area	Audit Sponsor	Type of review	2020-21 (for ref.)	2021-22 (for ref.)	2022-23 (for ref.)	2023-24 (for ref.)	2024-25 (proposed)	2025-26 (indicative)
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			✓			
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	✓					

IA Ref.	Audit Area	Audit Sponsor	Type of review	2020-21 (for ref.)	2021-22 (for ref.)	2022-23 (for ref.)	2023-24 (for ref.)	2024-25 (proposed)	2025-26 (indicative)
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)	Core					✓	
F64	Supplier resilience	Head of Procurement (Council-wide review)	Core			✓			
F71	Pensions Administration	Pensions Manager	Core	✓	✓	✓	✓	✓	✓
F-IT01	Network security	Chief Digital and Technology Officer	Core	✓					
F-IT02	IT disaster recovery and business continuity planning	Chief Digital and Technology Officer	Core		✓				
F-IT03	IT shared service arrangements/governance	Chief Digital and Technology Officer	Core	✓			✓		
F-IT04	Change control	Chief Digital and Technology Officer	Core						
F-IT05	Website security and maintenance	Chief Digital and Technology Officer	Core						
F-IT06	Cloud strategy	Chief Digital and Technology Officer	Core						
F-IT07	Cyber security	Chief Digital and Technology Officer	Core	✓	✓ (reliance on third		✓		

IA Ref.	Audit Area	Audit Sponsor	Type of review	2020-21 (for ref.)	2021-22 (for ref.)	2022-23 (for ref.)	2023-24 (for ref.)	2024-25 (proposed)	2025-26 (indicative)
					party assurance)				
F-IT08	Cloud computing	Chief Digital and Technology Officer	Core			✓			
F-IT09	Mobile device management	Chief Digital and Technology Officer	Core						
F-IT10	Software licensing	Chief Digital and Technology Officer	Core	✓		✓			
F-IT11	Hornbill STS service desk review	Chief Digital and Technology Officer	Core		✓				
F-IT12	IT asset hardware management	Chief Digital and Technology Officer	Core				✓		
F-IT12	Applications review	Chief Digital and Technology Officer	Core			✓			
F-IT99	IT service review	Chief Digital and Technology Officer	Core				✓		
Housing Directorate									
H01	New homes programme	Managing Director, Southwark Construction	Core	✓		✓			
H02	Ledbury Estate	Director, Ledbury Estate	Core						
H03	Social housing regulations - major buildings	Director, Ledbury Estate	Core					✓	
H11	Apex asset management system	Director, Asset Management	Core			✓		✓	

IA Ref.	Audit Area	Audit Sponsor	Type of review	2020-21 (for ref.)	2021-22 (for ref.)	2022-23 (for ref.)	2023-24 (for ref.)	2024-25 (proposed)	2025-26 (indicative)
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			✓			
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 regulations	Director, Resident Services	Future				✓	✓	

IA Ref.	Audit Area	Audit Sponsor	Type of review	2020-21 (for ref.)	2021-22 (for ref.)	2022-23 (for ref.)	2023-24 (for ref.)	2024-25 (proposed)	2025-26 (indicative)
	- preparedness / compliance								
H30	Tenancy management organisations (TMOs) - cyclical compliance audits	Director, Resident Services	Core	✓	✓	✓	✓	✓	✓
H31	Tenancy Management organisations - use of reserves	Director, Resident Services	Future			✓			
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				✓		

IA Ref.	Audit Area	Audit Sponsor	Type of review	2020-21 (for ref.)	2021-22 (for ref.)	2022-23 (for ref.)	2023-24 (for ref.)	2024-25 (proposed)	2025-26 (indicative)
SC31	Emergency planning and resilience, and business continuity	Assistant Chief Executive / Emergency Planning and Resilience Manager	Core		✓			✓	
SC41	Southwark 2030 and strategic planning strategy	Chief Executive	Future					✓	
SC42	Southwark 2030 implementation	Assistant Chief Executive / Head of Policy, Partnerships and Performance	Core (2026-27 plan)						
Governance and Assurance									
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	✓			✓		
GA05	Information requests	Assistant Chief Executive / Governance and Assurance	Core					✓	
GA11	Staff recruitment and vetting	Assistant Chief Executive - Governance and Assurance	Core				✓		
GA12	Sickness absence management, monitoring,	Assistant Chief Executive - Governance and Assurance	Core			✓			

IA Ref.	Audit Area	Audit Sponsor	Type of review	2020-21 (for ref.)	2021-22 (for ref.)	2022-23 (for ref.)	2023-24 (for ref.)	2024-25 (proposed)	2025-26 (indicative)
	and reporting								
GA13	Organisational development	Assistant Chief Executive - Governance and Assurance	Core						✓
GA14	Culture maturity	Assistant Chief Executive - Governance and Assurance	Future						✓
GA15	Workforce governance	Chief Executive / Assistant Chief Executive - Governance and Assurance	Future					✓	
GA16	Key Financial System - Payroll	Assistant Chief Executive - Governance and Assurance	Core	✓	✓	✓	✓	✓	✓
GA21	Corporate facilities management	Assistant Chief Executive - Governance and Assurance	Core		✓		✓		
GA22	Health and safety	Assistant Chief Executive - Governance and Assurance	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 - Governance and Assurance	Core		✓				
GA71	Member officer protocol	Assistant Chief Executive - Governance and Assurance	Core			✓			
GA72	Members allowances	Assistant Chief Executive - Governance and Assurance	Core		✓				

IA Ref.	Audit Area	Audit Sponsor	Type of review	2020-21 (for ref.)	2021-22 (for ref.)	2022-23 (for ref.)	2023-24 (for ref.)	2024-25 (proposed)	2025-26 (indicative)
GA72	Scrutiny	Assistant Chief Executive - Governance and Assurance	Core					✓	
GA72	Mayor's office and expenses	Assistant Chief Executive - Governance and Assurance	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 (S151 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><i>Audit Coverage</i></p> <p>Annual Audit Plan delivered in line with timetable.</p> <p>Actual days are in accordance with Annual Audit Plan.</p>
<p><i>Relationships and customer satisfaction</i></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><i>Staffing and Training</i></p> <p>At least 60% input from qualified staff.</p>
<p><i>Audit Reporting</i></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

Measure / Indicator

Response to Reports

Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt.

Implementation of recommendations

Audit sponsor to implement all audit recommendations within the agreed timeframe.

Co-operation with internal audit

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.

BDO contacts

Name	Grade	Contact information
Aaron Winter	Director and Chief Audit Executive	Aaron.Winter@bdo.co.uk Mobile: 07442 851 860
Angela Mason-Bell	Senior Manager and Operational Lead	Angela.Mason-Bell@bdo.co.uk Mobile: 07813 000 319
Andrew Billingham	Manager	Andrew.Billingham@bdo.co.uk
Swetha Saseendran	Assistant Manager and IT audit lead	Swetha.Saseendran@bdo.co.uk
Valerie Garriques	Assistant Manager and schools lead	Valerie.Garriques@bdo.co.uk
Rebecca Elfes/ Maggie Quigg	Follow up leads	Rebecca.Elfes@bdo.co.uk / Maggie.Quigg@bdo.co.uk

PA to Aaron: Jane Anderson-Sanger

jane.anderson-sanger@bdo.co.uk

0238 088 1896

FOR MORE INFORMATION:

AARON WINTER

+44 7442 851 860
aaron.winter@bdo.co.uk

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your particular circumstances. BDO LLP, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

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

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

© 2024 BDO LLP. All rights reserved.

www.bdo.co.uk