



# **INTERNAL AUDIT STRATEGY AND OPERATIONAL PLAN**

London Borough of Southwark

2020-21

*For presentation to the Audit, Governance and Standards Committee*

*10 February 2020*



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# 1. AUDIT RISK ASSESSMENT

## 1.1 Background

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

We report to the Strategic Director of Finance and Governance, as the Council's section 151 officer, on an operational basis. The Engagement Partner, Greg Rubins, is the Council's Chief Audit Executive.

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

Our risk based approach to Internal Audit uses the Council's own risk management process and risk register as a starting point for audit planning as this represents the client'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 Southwark Council's current risk profile. In drafting the plan and strategy, we mapped the audits to the corporate risk register and departmental risk registers to confirm adequate work was being undertaken on key risk areas.

## 1.2 Planned approach to internal audit 2020-21

The proposed Internal Audit programme for 2020-21 is shown from page 9, with an indicative strategic plan for 2021-22 and 2022-23 shown from page 19.

We have met with the senior management teams for each of the Council's six departments and the chief officer's team to prepare the internal audit plan. The plan has been circulated to the chief officer's team, before being presented to the Audit, Governance and Standards Committee on 10 February 2020.

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. In setting the number of days in the plan we have assumed that the control environment within the Council will improve as we work with you to address the issues you have.

## 1.3 Individual audits

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

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

#### 1.4 Variations to the Plan

We 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.

Where changes to the planned audits are required during the year, these will be agreed with the departmental directors and the Strategic Director of Finance and Governance and reported to the Audit, Governance and Standards Committee.

We also 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 are undertaking, demonstrating we are focussing on your most important issues.

As such our strategic audit programme follows the risks identified during our planning processes and confirmed via discussions with the strategic directors and their management teams.

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

Ref.	The Council's Strategic / Operational Risks	Planned Internal Audits by Year			
		2019-20 (for reference)	2020-21	2021-22	2022-23
CR1	The continued uncertainty regarding local government funding beyond 2019-20 presents the s.151 officer with a challenge in terms of being able to recommend balanced budget proposals which meet the Council's priorities and ambitions.		Financial planning & budget monitoring		
CR2	The cessation of or significant reduction in a council support service including key infrastructure now and in the future causes disruption to a range of front line and back office service delivery across the council arising especially as a consequence of budget reductions.				Capital programme management
CR3	The increasing need for and cost of demand led services such as social care, social housing, No Recourse to Public Funds and temporary accommodation results in significant overspends against budget.	No recourse to public funds	Direct payments All age disability service Continuing healthcare	Mental health services	Older people's services
CR4	Delays in paying claimants Universal Credit during the transition to it results in housing rent and other personal debt, and increased demand for other council services and consequential unfunded pressures.	Housing benefits		Housing benefits	
CR5	Core business systems may become unavailable for prolonged and unpredictable periods of time across the whole council, impairing service delivery	-	-	IT disaster recovery	-

Ref.	The Council's Strategic / Operational Risks	Planned Internal Audits by Year			
		2019-20 (for reference)	2020-21	2021-22	2022-23
	performance and impacting on resident satisfaction, the reputation of the council and staff motivation.				
CR6	Unforeseen events and/or adverse public reaction to Council programmes results in the failure of (or the serious delay to) key regeneration or direct delivery projects causing damage to the Council's ability to meet the borough's long term housing and investment needs and resulting in short term financing or funding implications for the Council.	Regeneration programme	New housing programme	Regeneration programme	-
CR7	The housing market in London adversely impacts on the council's financial arrangements and its ability to manage temporary accommodation, homelessness and housing investment.	Statutory disrepairs Homelessness Major works TMOs	TMOs	TMOs Temporary accommodation	TMOs
CR8	An emergency occurs which affects critical services and the council's ability to deliver business as usual.	-	Emergency planning	-	-
CR9	Legislative changes and issues arising from Brexit affecting the Council's and its partners' ability to meet the demand for services and/or take advantage of opportunities and/or deal with increased threats due to lack of capacity leading to reduced performance and increasing costs.	-	[Brexit - workforce strategy]	-	-
C10	The data held and managed by council departments and its partners is neither appropriately shared nor used in an optimal way, hindering possible improvements and efficiencies in service delivery and resulting in potential risks to service users or employees.	Records management	Contact centre	-	Data protection / GDPR

Ref.	The Council's Strategic / Operational Risks	Planned Internal Audits by Year			
		2019-20 (for reference)	2020-21	2021-22	2022-23
CR11	Process, control, or management failure particularly during periods of significant change and ongoing funding reductions leads to a fraudulent activity resulting in financial consequences for the council.	Key financial systems audits Mosaic payments	Key financial systems audits Financial planning & budget monitoring Fraud protocols Mosaic payments	Key financial systems audits Mosaic payments	Key financial systems audits Mosaic payments
CR12	Failure to ensure management action is taken, so that appropriate capacity and skills to deliver change are maintained through periods of reorganising and downsizing, which results in knowledge gaps, poor handover of contract management responsibilities or other consequences.		Contracts register [Brexit - workforce strategy]		
CR13	Failure on the part of the council or its partners to properly adhere to data processing legislation / regulation, which results in breaches when data is shared inappropriately leading to risk to individuals, ICO intervention and consequential financial penalties and reputational damage.	Records management	-	-	Data protection / GDPR
CR14	Failure to invest appropriately in the maintenance or management of the council's assets or a sudden and unforeseen event which may give rise to unacceptable future liabilities.	-	Facilities management (E&L) Asset management (E&L)	-	-
CR15	Due to the rapid evolution of cyber security threats, the council and its partners may not be able to prevent an attack on infrastructure in an effective or timely manner, resulting in a breach of security.	Shard ICT service	Cyber security Cloud security	Network security	-
CR16	Failure to provide adequate provision of protection of staff, elected members, residents and all	-	Tree management Health and safety Travel assistance	Safeguarding	Health and safety

Ref.	The Council's Strategic / Operational Risks	Planned Internal Audits by Year			
		2019-20 (for reference)	2020-21	2021-22	2022-23
	relevant stakeholders leading to their safety being compromised.		Youth offending service		
CR17	Service failure of a key provider or partner resulting in the council being held to account for the service delivery failure and having to step in to supply the service at additional cost and with resulting potential reputational damage.	Management of fairer future policy with regards to contracts	-	-	Supplier resilience
CR18	Difficulties in delivering an ambitious Council plan and service commitments in the current climate, resulting in adverse reputational impact.	-	Council plan 2018-19 to 2021-22	-	-
CR19	Failure to adapt to the impact of climate change and the climate emergency result in the council being unable to deliver effectively in line with its climate emergency strategy.	-	Climate emergency strategy	-	-

### 3. INTERNAL AUDIT OPERATIONAL PLAN 2020-21

Ref.	Area	Audit Sponsor	Days	Timing	Outline Scope of the Review
<b>Chief Executive's Department</b>					
CX01	Emergency planning	Head of chief executive's office	12	Q3	Review of the emergency planning arrangements in place at the Council, including clarity of the roles and responsibilities across the Council and with other agencies.
CX02	Communications and media	Head of external affairs	12	Q2	Review of the Council's external affairs strategy, including clarity of roles and responsibilities, engagement with Council departments and key stakeholders and application in practice.
<b>Total</b>			<b>24</b>		
<b>Children's and Adults Services Department</b>					
<b><u>Adult Social Care</u></b>					
CAS04	All age disability service (0 to 24 years)	Director of adult social care	20	Q3/Q4	Review of the policies and procedures for the identification and documentation of care needs and the associated approval, allocation and monitoring of funding.
CAS10	Substance misuse	Director of adult social care	15	Q1	Review of the management of income and expenditure in relation to substance misuse initiatives provided by the Council, and the effectiveness of the Southwark alcohol action plan 2017-20.
CAS11	Direct payments	Director of adult social care	15	Q3	Review of the new policy and procedures relating to direct payments, controls over the Allpay cards assigned to clients.
CAS12	Continuing healthcare	Director of adult social care	15	Q1	Assurance that the Council's practice and processes fit with its responsibilities under the national framework for NHS Continuing Healthcare and NHS-funded Nursing Care, and that the Council has worked collaboratively with the CCGs when reviewing processes.

Ref.	Area	Audit Sponsor	Days	Timing	Outline Scope of the Review
<b><u>Children's Social Care</u></b>					
CAS20	Adoption service	Director of children's social care	15	Q1	A review of the adequacy and effectiveness of the controls in place over payments made to adopters, to confirm accuracy of payments derived from documentation and appropriate approvals.
CAS22	Troubled families grant	Director of children's social care	24	Monthly	Confirmation for a sample of 10% of claims of eligibility under the Council's troubled families' outcomes plan.
CAS28	Youth offending service and youth violence	Chief executive, and the strategic directors of children's & adults services and housing and modernisation	25	Q1/Q2	A cross-departmental review of the Council's response to the issue of community harm and youth violence, including consideration of the Community Harm Hub (following the Southwark Extended Learning Review) and reference to the localised Brandon Estate.
<b><u>Education</u></b>					
CAS44	Pupil registry systems and school attendance	Director of education	12	Q1	A review of the Council's arrangements for ensuring that it meets its statutory responsibilities for ensuring school attendance.
CAS45	School admissions	Director of education	12	Q2	A review of the Council's arrangements for ensuring that it complies with the legislative requirements contained within the Code of School Admissions.
CAS47	Traded services	Director of education	25	Q3	A review of the governance, reporting and monitoring of the Council's traded services to schools (school improvement, HR, governor services, health and safety). The review will also include consideration of schools that do not take up the Council's offer and the reasons for this (this will be explored with schools included in the internal audit plan for 2020-21).

Ref.	Area	Audit Sponsor	Days	Timing	Outline Scope of the Review
CAS48	Travel assistance	Director of education	12	Q4	A review of the controls in place for the award and subsequent monitoring and review of travel assistance funding provided / costs incurred by the Council on behalf of clients.
<b><u>Department Wide Audits</u></b>					
CAS63	Mosaic operational audit / payments	All Directors	15	Q3	Processes and controls leading to the payments generated via Mosaic, and the completeness of information held on the system. Specific areas of coverage to be determined at the time of scoping. As a fundamental system of the Council, this is an annual audit.
<b>Total</b>			<b>205</b>		
SCH	Schools internal audit plan	Director of education	125	Ongoing	Internal audit of schools' governance and financial systems and controls, covering areas such as budget management, deficit recovery plans, procurement and purchases, payroll and income. The days also include time for working with the Council in delivering training and awareness to head teachers and school business managers.
<b>Total</b>			<b>125</b>		
<b>Environment and Leisure Department</b>					
<b><u>Leisure and Culture</u></b>					
EL14	South dock marina	Director of leisure	12	Q1	A review of the operational and financial management controls in place underpinning the running of the marina.
EL18	Tree management service	Director of leisure	15	Q1	A review of the adequacy and effectiveness of the Council's emergency tree recovery plan.
<b><u>Traded Services</u></b>					
EL43	Southwark building services	Strategic directors of environment &	25	Q2	An end to end review of the internal repairs process, to include organisational management, performance against KPIs and clarity of cost

Ref.	Area	Audit Sponsor	Days	Timing	Outline Scope of the Review
		leisure and housing & modernisation.			and charging structures. The review will assess progress with reference to evidence of implementation of the SBS improvement plan.
<b><u>Department Wide Audits</u></b>					
EL63	Climate emergency strategy	Strategic director environment and leisure / director for climate change	25	Q1	A review of the governance arrangements over the implementation of the Council's climate emergency strategy, adequacy of stakeholder engagement and the achievability of the plans in place to deliver the strategy.
EL64	Facilities management	Strategic director environment and leisure / Strategic director housing and modernisation	20	Q3	Request from the Environment and Leisure department - A review of the implementation of the new facilities management strategy, adequacy of contract management arrangements on the new facilities management contracts and controls over the planning and delivery of health and safety audits.  The latter will feed into the cross Council review of health and safety to be undertaken in 2020-21 (TR04).
EL65	Asset costs management	Strategic director environment and leisure / strategic director housing and modernisation	15	Q3	Request from the Environment and Leisure department - A review of the adequacy and effectiveness of the processes for condition surveys, asset management plans and PPM programme with facilities management to know the state of the department's assets and predict future capital costs for maintaining them in a fit for purpose state.
<b>Total</b>			<b>112</b>		
<b>Finance and Governance Department</b>					
<b><u>Legal Services</u></b>					
FG07	Contracts register	Director of law & democracy	25	Q1	A review of the completeness and accuracy of the Council's contract register, the extent to which contract leads are keeping information up to date so that the version published via the Council's external website is complete. A review of contract expenditure incurred against contracts

Ref.	Area	Audit Sponsor	Days	Timing	Outline Scope of the Review
					which exceed the original contract value or where goods / services purchased are outside the scope of the original contract.
FG08	Litigation protocols	Director of law & democracy	15	Q2	A review on the procedures and criteria to be adopted on whether to pursue litigation, including communication, clarity of roles and responsibilities and decision making processes.
<b><u>Financial and Information Governance</u></b>					
FG22	Pensions administration	Head of financial & information governance / strategic director finance and governance	15	Q3	A three year rolling programme commencing in 2019-20, areas for inclusion are to be agreed. Areas for inclusion are: <ul style="list-style-type: none"> <li>- Pension fund management arrangements and controls over flows of monies around the system</li> <li>- Maintenance of records, including policies and procedures, joiners and leavers to the schemes, refunds, contributions (plus AVCs) and annual benefits statements</li> <li>- Pension bank account management and controls</li> <li>- Pensions payments / payroll (new system due to be rolled out)</li> <li>- Admitted bodies.</li> </ul>
<b>Total</b>			<b>55</b>		
<b>Key Financial Systems</b>					
KFC02	NNDR	Director exchequer services	15	Q3	Assurance over continuing compliance with controls in respect of NNDR, Work will be undertaken alongside the anti-fraud team's planned work for 2020-21 to provide assurance that controls adequately mitigate against the risk of fraud with regards to business rates.
KFC05	Payroll and HR	Director exchequer services / Director of modernise	25	Q3	Assurance over the adequacy of and compliance with controls in respect of payroll and benefits to staff. Full audit.

Ref.	Area	Audit Sponsor	Days	Timing	Outline Scope of the Review
KFC07	Accounts payable	Director exchequer services	15	Q2	A review of the timeliness of payments to suppliers and the extent to which the 30 day payment terms are being met, to analyse where delays in payment are evident and determine the reasons.
KFC08	Treasury management	Director exchequer services	12	Q3	Assurance over the adequacy and effectiveness of the internal control environment for investment and borrowing transactions.
KFC11	SAP scheme of delegation and authorisations	Director exchequer services	15	Q1	A review of the SAP scheme of delegation for the authorisation of payments, including consideration on the appropriateness of the limits for different Council staff, usage of the limits and if they are adhered to.
<b>Total</b>			<b>82</b>		
<b>Housing and Modernisation Department</b>					
<u>Asset Management</u>					
HM06	Major works	Director of asset management	15	Q4	A review of the implementation of the Council's response to the Grenfell report, to cover both Council owned and other residential properties in the borough.
<u>Communities</u>					
HM12	Tenancy management organisations	Director of communities	25	Q4	A review of a sample of two to three TMOs considering financial management, procurement and statutory compliance, including health and safety, fire risk assessment and asbestos.
<u>Customer Experience</u>					
HM22	Contact centre	Director of customer experience	20	Q1	An advisory review on the performance reporting undertaken by the contact centre, and whether the right information is being recorded for decision-making.

Ref.	Area	Audit Sponsor	Days	Timing	Outline Scope of the Review
HM24	Customer experience and complaints	Director of customer experience	15	Q2	A review of the complaints process and controls with regards to childrens services, to confirm that the Council is adhering to legislative requirements under the Children Act procedure.
HM33	Demolition Process (MSHO)	Director of customer experience	12	Q3	A review of the housing demolitions process from the perspective of My Southwark Home Owners.
<b><u>New Homes Programme</u></b>					
HM71	New homes programme	Director of new homes programme	15	Q1	A review of the governance and reporting with regards to the new homes programme, and an assessment of the robustness of the plan to deliver the new homes target by 2022.
<b>Total</b>			<b>102</b>		
<b>IT Audit Plan</b>					
IT07	Cyber security	Director of modernise	20	Q1	To consider: <ul style="list-style-type: none"> <li>• Policies and procedures, risk assessments, network topology</li> <li>• Firewall admin, A/V admin, encryption &amp; authentication</li> <li>• External pen tests, internal vulnerabilities, GPO rules</li> <li>• Incident response, awareness training, OS patching</li> <li>• Disaster recovery plans.</li> </ul>
IT08	Cloud security	Director of modernise	20	Q2	Focus on operational security: <ul style="list-style-type: none"> <li>• Governance - framework, specifications, plans</li> <li>• Contracts - compartmentalisation, IP, exit, ISO certs</li> <li>• Risk mgmt. - provider and service, SLAs, location, physical.</li> <li>• Security - incident mgmt., change mgmt., encryption, user access</li> </ul>
IT09	Mobile device management	Director of modernise	20	Q3	The Council plans to issue new endpoints to staff in 2020, the audit will review: <ul style="list-style-type: none"> <li>• Policies and procedures, reviews, user training</li> <li>• Governance, staff needs assessments, inventory</li> </ul>

Ref.	Area	Audit Sponsor	Days	Timing	Outline Scope of the Review
					<ul style="list-style-type: none"> <li>• Remote control, configuration, user access, encryption</li> <li>• Lost and/or stolen devices, device disposals.</li> </ul>
IT10	Software asset management	Director of modernise	20	Q4	<p>ICT have concerns of software being purchased without being consulted, the audit will review:</p> <ul style="list-style-type: none"> <li>• Governance, policies and procedures, user training</li> <li>• Databases, ownership, budgeting responsibilities</li> <li>• Management tools, compliance with licensing agreements</li> <li>• Development lifecycle, development methodology, access control.</li> </ul>
<b>Total</b>			<b>80</b>		
<b>Place and Wellbeing Department</b>					
PW02	Commercial property portfolio	Director of regeneration	15	Q1	A review of the effectiveness of the new IT system for managing the Council's commercial property portfolio. We will also consider the controls and information flows for the management of debtors and arrears.
PW05	Transport policy and planning	Director of planning	15	Q3	Review of the Council's transport policy and the extent to which it is being delivered in line with supporting plans across the Council.
PW11	Social regeneration framework	Director of public health & wellbeing	20	Q2	Review of the Council's change in approach to social regeneration and the extent to which the framework and associated policies have been adopted in practice.
PW12	Community infrastructure levy (CIL)	Director of planning	15	Q4	Review of the Council's collection arrangements and spending with regards to its responsibilities for the London Borough of Southwark CIL and Mayor of London's CIL under the Planning Act 2008.
<b>Total</b>			<b>65</b>		

Ref.	Area	Audit Sponsor	Days	Timing	Outline Scope of the Review
<b>Thematic Audits / Council Wide Reviews</b>					
TR04	Health and safety	Corporate governance panel / Departmental leads	25	Q4	A review of the application of health and safety policies and practices across the Council, following the work recently undertaken by the health and safety remodel project.
TR07	Financial planning and budget monitoring	Chief officers team	25	Early Q3	A review of the monitoring and reporting of budgeted income and savings and the extent to which they will be realised.
TR12	Sickness absence management, monitoring and reporting	Director of modernise / corporate governance panel	25	Q1	A review of departments (managers) compliance with the Council's sickness absence management, monitoring and reporting requirements across the Council. The audit will consider the extent to which there may be under reporting.
TR13	Compliance with HR policies and procedures	Director of modernise / corporate governance panel	25	Q2	A review of departments (managers) compliance with the Council's HR policies and procedures, the specific scope is to be agreed with the audit sponsor.
TR16	Council plan 2018-19 to 2021-22	Chief officers team / head of chief executive's office	25	Q2	A review of the governance and reporting on the Council plan and the alignment to the budget challenge process which supports the delivery of the plan.
TR17	Fraud protocols	Strategic director finance and governance / corporate governance panel	20	Q4	A review of the application by departments of the new fraud protocols and the decision making process for how concerns should be pursued (e.g. fraud, whistleblowing, disciplinary).
TR19	Corporate credit cards	Strategic director finance and governance / corporate governance panel	20	Q1	A review of the controls over credit cards issued to employees of the Council, and departmental approval, monitoring and review of expenditure incurred using the credit cards.
<b>Total</b>			<b>165</b>		

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## 4. INTERNAL AUDIT PLAN SUMMARY 2020-21

Department / Audit Activity	No. of days 2020-21
Chief executive's department	24
Children's and adults services	205
Environment and leisure	112
Finance and governance	55
Housing and modernisation	102
Place and wellbeing	65
Key financial systems	82
IT audits	80
Thematic reviews / Council wide audits	165
Schools	125
Chief Audit Executive Role	15
<b>TOTAL</b>	<b>1030</b>

## 5. INTERNAL AUDIT STRATEGIC PLAN 2020-21 to 2022-23

Ref.	Audit	Audit Sponsor	2017-18 (for ref.)	2018-19 (for ref.)	2019-20 (for ref.)	2020-21	2021-22	2022-23
CX01	Emergency planning and resilience	Head of chief executive's office	✓			✓		
CX02	Communications and media	Head of external affairs				✓		
<b>Children's and Adults Department</b>								
<b><u>Adult Social Care</u></b>								
CAS01	Adult day care provision	Director adult social care		✓				
CAS02	Client finances	Director adult social care	✓		✓			
CAS03	Appointeeships	Director adult social care			✓			
CAS04	All age disability service	Director adult social care				✓		
CAS05	Better care fund (BCF)	Strategic director childrens & adults		✓				
CAS06	Mental health services	Director adult social care			✓			✓
CAS07	Older people's services	Director adult social care		✓			✓	
CAS08	Safeguarding - adults	Director adult social care		✓			✓	
CAS09	Social care staff recruitment	Director adult social care	✓					
CAS10	Substance misuse	Director adult social care	✓			✓		
CAS11	Direct payments	Director adult social care				✓		
CAS12	Continuing healthcare	Director adult social care				✓		

Ref.	Audit	Audit Sponsor	2017-18 (for ref.)	2018-19 (for ref.)	2019-20 (for ref.)	2020-21	2021-22	2022-23
<b><u>Children's Social Care</u></b>								
CAS20	Adoption service	Director children's social care				✓		
CAS21	Payments to children and families	Director children's social care			✓			
CAS22	Troubled families grant claims	Director children's social care	✓	✓	✓	✓	✓	✓
CAS23	Children's quality assurance unit	Director children's social care					✓	
CAS24	Foster carers	Director children's social care	✓		✓			
CAS25	Placements - children in care service	Director children's social care		✓				
CAS26	Safeguarding	Director children's social care	✓				✓	
CAS27	Legal fees	Director children's social care		✓				
CAS28	Youth offending service	Director children's social care				✓		
<b><u>Commissioning</u></b>								
CAS31	Community equipment	Director commissioning			✓			
CAS32	Supported living	Director commissioning			✓		✓	
CAS33	Commissioning of services	Director of commissioning		✓				✓
<b><u>Education</u></b>								
CAS41	Adult learning services	Director of education		✓				✓
CAS42	Home to school transport	Director of education	✓				✓	
CAS43	Music service	Director of education		✓				

Ref.	Audit	Audit Sponsor	2017-18 (for ref.)	2018-19 (for ref.)	2019-20 (for ref.)	2020-21	2021-22	2022-23
CAS44	Pupil registry systems and school attendance	Director of education				✓		
CAS45	School admissions	Director of education				✓		
CAS46	Special educational needs (SEN)	Director of education			✓			✓
CAS47	Traded services	Director of education				✓		
CAS48	Travel assistance	Director of education				✓		
SCHOOLS	Schools - cyclical programme*	Director of education	✓	✓	✓	✓	✓	✓
<p>* School audits are undertaken on an average 4-year rolling programme. In 2019-20, 18 schools are scheduled for an audit visit. Areas included in the schools audit are: governance, bank account and budgeting, payroll, procurement; and data security and safeguarding. We also review the control framework with regards to cash handling and non-local authority school funds. From 2019-20 we have agreed with the director of education to conduct a follow up audit where schools received a limited assurance opinion.</p>								
<b>Department Wide Audits</b>								
CAS51	Integrated care partnerships	Director adult social care					✓	
CAS63	Mosaic operational audit / payments	Strategic director (children's and adults' service)	✓	✓	✓	✓	✓	✓
<b>Environment and Leisure Department</b>								
<b>Highways</b>								
EL01	Highways maintenance	Director of environment	✓				✓	
EL02	Cleaner, greener, safer programme	Director of environment			✓			
<b>Leisure and Culture</b>								
EL11	Cemeteries and crematoria	Director of leisure						✓

Ref.	Audit	Audit Sponsor	2017-18 (for ref.)	2018-19 (for ref.)	2019-20 (for ref.)	2020-21	2021-22	2022-23
EL12	Library service	Director of leisure	✓				✓	
EL13	Leisure services	Director of leisure	✓				✓	
EL14	South Dock marina	Director of leisure				✓		
EL15	Youth service	Director of leisure		✓				
EL16	Parks	Director of leisure			✓			
EL17	Play service	Director of leisure			✓			
EL18	Tree management service	Director of leisure				✓		
<b><u>Regulatory Services</u></b>								
EL21	CCTV	Director of environment		✓			✓	
EL22	Enforcement	Director of environment			✓			
EL23	Licencing	Director of environment		✓			✓	
EL24	Parking management & estates parking permits	Director of environment		✓				✓
EL25	Markets	Director of environment		✓			✓	
<b><u>Service Development</u></b>								
EL31	Corporate energy / greener borough	Director of environment	✓					
<b><u>Traded Services</u></b>								
EL41	Materials	Director of environment	✓		✓			
EL42	Pest control	Director of environment			✓			

Ref.	Audit	Audit Sponsor	2017-18 (for ref.)	2018-19 (for ref.)	2019-20 (for ref.)	2020-21	2021-22	2022-23
EL43	Southwark building services	Director of environment		✓		✓		
EL44	Street lighting and signs	Director of environment					✓	
<b>Waste and Cleansing</b>								
EL51	Commercial waste	Director of environment		✓				
EL52	Fleet contract and strategy management	Director of environment				✓ (cfwd from 19-20)		
EL53	Estates cleaning	Director of environment		✓				
EL54	Grounds maintenance	Director of environment	✓				✓	
EL55	Waste contract / PFI	Director of environment		✓				
EL56	Trading standards, food safety and health & safety	Director of environment					✓	
<b>Department Wide Audits</b>								
EL61	Volunteer management	Director of leisure / Director of environment			✓			
EL62	Debt management	All Directors			✓			
EL63	Climate emergency strategy	Strategic director environment and leisure / director for climate change				✓		
EL64	Facilities management	Strategic director environment and leisure				✓		

Ref.	Audit	Audit Sponsor	2017-18 (for ref.)	2018-19 (for ref.)	2019-20 (for ref.)	2020-21	2021-22	2022-23
EL65	Asset costs management	Strategic director environment and leisure				✓		
<b>Finance and Governance Department</b>								
<b><u>Legal Services</u></b>								
FG01	Electoral register and elections	Director of law & democracy	✓				✓	
FG02	Case management system (Visualfiles)	Director of law & democracy	✓					
FG03	Barristers' framework	Director of law & democracy			✓			
FG04	Member / officer protocol	Director of law & democracy					✓	
FG05	Whistleblowing	Director of law & democracy			✓			
FG06	Members allowances	Director of law & democracy		✓				
FG07	Contracts register	Director of law & democracy				✓		
FG08	Litigation protocols	Director of law & democracy				✓		
<b><u>Professional Services Team</u></b>								
FG11	Housing revenue account (HRA)	Acting Director of Finance					✓	
<b><u>Financial and Information Governance</u></b>								
FG21	Data protection / GDPR	Head of financial & information governance	✓	✓				✓
FG22	Pensions administration	Head of financial & information governance			✓	✓	✓	✓

Ref.	Audit	Audit Sponsor	2017-18 (for ref.)	2018-19 (for ref.)	2019-20 (for ref.)	2020-21	2021-22	2022-23
FG33	Insurance	Head of financial & information governance					✓	
<b>Exchequer Services</b>								
FG31	Home ownership - mortgages	Director exchequer services			✓			
FG32	Home ownership - charges to leaseholders	Director exchequer services		✓				✓
FG33	Home ownership - garages	Director exchequer services			✓			
FG34	Enforcement agents, rent arrears and write offs	Director exchequer services		✓			✓	
FG35	Client services	Director exchequer services			✓			
<b>Key Financial Systems</b>								
KFC01	Council tax	Director exchequer services	✓		✓		✓	
KFC02	NNDR/ business rates pooling	Director exchequer services	✓	✓	✓	✓		✓
KFC03	Housing rents	Director exchequer services	✓	✓	✓		✓	
KFC04	Accounts receivable / debt management	Director exchequer services			✓			✓
KFC05	Payroll and HR	Director exchequer services / Director of Modernise	✓	✓	✓	✓	✓	✓
KFC06	General ledger	Director exchequer services		✓			✓	
KFC07	Accounts payable	Director exchequer services	✓	✓	✓	✓	✓	✓
KFC08	Treasury management	Acting director of finance	✓			✓		

Ref.	Audit	Audit Sponsor	2017-18 (for ref.)	2018-19 (for ref.)	2019-20 (for ref.)	2020-21	2021-22	2022-23
KFC09	Housing benefits	Director exchequer services	✓	✓	✓		✓	
KFC10	Suspense accounts management	Director exchequer services	✓		✓		✓	
KFC11	SAP scheme of delegation and authorisations	Director exchequer services				✓		
<b>Housing and Modernisation Department</b>								
<b><u>Asset Management</u></b>								
HM01	Apex asset management system	Director asset management	✓				✓	
HM02	Engineering services	Director asset management	✓ (as part of HM01)				✓	
HM03	Gas servicing	Director asset management	✓ (as part of HM01)				✓	
HM04	Housing adaptations	Director asset management	✓					✓
HM05	Housing investment and decision making	Director asset management	✓				✓	
HM06	Major works	Director asset management			✓	✓		✓
HM07	Repairs and maintenance	Director asset management		✓				
HM08	Statutory disrepairs	Director asset management / Director of Law & Democracy			✓			
<b><u>Communities</u></b>								
HM11	No recourse to public funds	Director of communities	✓		✓			✓

Ref.	Audit	Audit Sponsor	2017-18 (for ref.)	2018-19 (for ref.)	2019-20 (for ref.)	2020-21	2021-22	2022-23
HM12	Tenancy management organisations (TMOs)	Director of communities		✓	✓	✓	✓	✓
<b><u>Customer Experience</u></b>								
HM21	Blue badges and freedom passes	Director of customer experience			✓			
HM22	Contact centre	Director of customer experience		✓		✓		
HM23	Coroners	Director of customer experience			✓			
HM24	Customer experience and resolution / complaints	Director of customer experience				✓		
HM25	Housing solutions - applications and allocations	Director of customer experience		✓			✓	
HM26	Housing solutions - homelessness	Director of customer experience			✓			
HM27	Housing solutions - other services	Director of customer experience	✓				✓	
HM28	MySouthwark home owners agency	Director of customer experience	✓					
HM29	Channel shift	Director of customer experience		✓				
HM30	Registrars	Director of customer experience			✓		✓	
HM31	Sales and acquisitions, including right to buy	Director of customer experience		✓			✓	
HM32	Integration of customer based systems	Director of customer experience	✓					
HM33	Demolitions	Director of customer experience				✓		
<b><u>Resident Services</u></b>								

Ref.	Audit	Audit Sponsor	2017-18 (for ref.)	2018-19 (for ref.)	2019-20 (for ref.)	2020-21	2021-22	2022-23
HM41	Voids	Director of resident services			✓			✓
HM42	Multi-agency working / data sharing	Director of resident services	✓					
HM43	Housing tenancies	Director of resident services	✓				✓	
HM44	Sheltered housing	Director of resident services			✓			✓
HM45	Supported accommodation hostels (family hostels)	Director of resident services			✓			
HM46	Temporary accommodation	Director of resident services		✓			✓	
<b><u>Modernise</u></b>								
HM51	Corporate facilities management	Director of modernise	✓				✓	
HM52	Health and safety	Director of modernise	✓	✓				
HM53	Modernisation programme	Director of modernise		✓				
<b><u>Human Resources</u></b>								
HM61	Staff recruitment and vetting	Director of modernise	✓					
HM62	Apprenticeships levy	Director of modernise		✓				
<b><u>New Homes Programme</u></b>								
HM71	New homes programme	Director of new homes programme				✓		
<b><u>Information Technology Audits</u></b>								
IT01	Network security	Director of modernise	✓				✓	

Ref.	Audit	Audit Sponsor	2017-18 (for ref.)	2018-19 (for ref.)	2019-20 (for ref.)	2020-21	2021-22	2022-23
IT02	IT disaster recovery and business continuity planning	Director of modernise	✓				✓	
IT03	IT shared service arrangements	Director of modernise		✓	✓			
IT04	Change control	Director of modernise		✓				
IT05	Website security and maintenance	Director of modernise			✓			
IT06	Cloud strategy	Director of modernise			✓			
IT07	Cyber security	Director of modernise				✓		
IT08	Cloud security	Director of modernise				✓		
IT09	Mobile device management	Director of modernise				✓		
IT10	Software asset management	Director of modernise				✓		
<b>Place and Wellbeing Department</b>								
PW01	Major regeneration programmes & projects	Director of regeneration	✓		✓		✓	
PW02	Commercial property portfolio	Director of regeneration				✓		
PW03	Planning applications and s106 agreements	Director of planning			✓			
PW04	Building control	Director of planning			✓			✓
PW05	Transport policy and planning	Director of planning				✓ (cfwd from 19-20)		

Ref.	Audit	Audit Sponsor	2017-18 (for ref.)	2018-19 (for ref.)	2019-20 (for ref.)	2020-21	2021-22	2022-23
PW06	Land charges	Director of planning	✓				✓	
PW07	Community projects	Director of communities	✓		✓			
PW08	Community engagement	Director of communities		✓			✓	
PW09	Health in all policies	Director of public health & wellbeing		✓				
PW10	Public health priority area	Director of public health & wellbeing			✓			
PW11	Social regeneration framework	Director of public health & wellbeing				✓		
PW12	Community infrastructure levy	Director of planning				✓		
<b>Thematic Audits / Council Wide Reviews</b>								
TR01	Access to services	Corporate governance panel	✓					
TR02	Commercialisation	Corporate governance panel						
TR03	Business continuity planning	Corporate governance panel / Head of Chief executive's office		✓			✓	
TR04	Health and safety	Corporate governance panel / departmental leads				✓ (cfwd from 19-20)		
TR05	Fairer futures - procurement framework	Corporate governance panel	✓	✓				
TR06	Fairer futures - contract management	Corporate governance panel			✓			

Ref.	Audit	Audit Sponsor	2017-18 (for ref.)	2018-19 (for ref.)	2019-20 (for ref.)	2020-21	2021-22	2022-23
TR07	Financial planning and budget monitoring	Chief officers team	✓			✓		
TR08	Governance and risk management	Head of financial & information governance	✓				✓	
TR09	Hospitality and gifts register, register of interests and bribery and corruption	Corporate governance panel	✓					✓
TR10	Use of consultants / payments to individuals outside of PAYE / IR35	Corporate governance panel		✓			✓	
TR11	Voluntary sector engagement	Corporate Leadership Team / corporate governance panel					✓	
TR12	Sickness absence management, monitoring and reporting	Director of modernise / corporate governance panel				✓ (cfwd from 19-20)		
TR13	Compliance with HR policies and procedures	Director of modernise / corporate governance panel				✓		
TR14	Records management	Head of financial & information governance / corporate governance panel			✓			
TR15	Data and information management	Strategic director of finance and governance			✓			
TR16	Council plan 2018-19 to 2021-22	Chief officers team / head of chief executive's office				✓		
TR17	Fraud protocols	Strategic director finance and governance / corporate				✓		

Ref.	Audit	Audit Sponsor	2017-18 (for ref.)	2018-19 (for ref.)	2019-20 (for ref.)	2020-21	2021-22	2022-23
		governance panel						
TR18	Off contract expenditure	Strategic director finance and governance / corporate governance panel						✓
TR19	Corporate credit cards	Strategic director finance and governance / corporate governance panel				✓		
TR20	Supplier resilience	Strategic director finance and governance / corporate governance panel						✓

## 6. ALTERNATIVE INTERNAL AUDIT REVIEWS 2020-21

These reviews were discussed as part of our planning process however they have not been included in the final plan. They are included here for information:

Review Title	Description of the Review
<b>Brexit - Workforce Management</b>	An area of management concern, this audit would review the Council's workforce management strategy and risk management arrangements to provide assurance that key roles have been identified and effective recruitment strategies put in place.

# APPENDIX I

## Internal Audit Charter - Role and Scope of Internal Audit

### Purpose of this charter

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

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

Final approval resides with the 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 the Council. The Internal Audit Plan sets out those activities that have been identified as the subject of specific internal audit engagements.

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

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

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

### **Effective internal audit**

Our internal audit function is effective when:

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

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

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

### **Independence and internal audit's position within Southwark Council**

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

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

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

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

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

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

### **Internal audit's role in fraud, bribery and corruption**

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

### **Access to records and confidentiality**

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

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

### **Coordination and reliance with other assurance providers**

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

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

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

### **Internal audit's commitments to Southwark Council**

Internal audit commits to the following:

- working with management to improve risk management, controls and governance within the organisation
- performing work in accordance with PSIAS
- complying with the ethical requirements of PSIAS
- dealing in a professional manner with the Council's 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 should approve the measures which will be reported to each meeting and / or annually as appropriate. In addition to those listed here we also report on additional measures as agreed with management and included in our Progress Report.

**Quality assurance and improvement programme**

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

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

**Table One: Performance measures for internal audit**

Measure / Indicator
<p><b>Audit Coverage</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>Relationships and customer satisfaction</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, Governance and Standards Committee to achieve score of at least 70%</p> <p>External audit can rely on the work undertaken by internal audit (where planned)</p>
<p><b>Staffing and Training</b></p> <p>At least 60% input from qualified staff</p>
<p><b>Audit Reporting</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> <p>90% recommendations to be accepted by management</p> <p>Information is presented in the format requested by the customer.</p>
<p><b>Audit Quality</b></p> <p>High quality documents produced by the auditor that are clear and concise and contain all the information requested.</p> <p>Positive result from any external review</p>

### Management and staff commitments to Internal Audit

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

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

### Management and staff performance measures and indicators

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

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

Measure / Indicator
<p><b><i>Response to terms of reference and 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</p>
<p><b><i>Implementation of recommendations</i></b> Audit sponsor to implement all audit recommendations within the agreed timeframe</p>
<p><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</p>

### BDO key contacts

Name	Grade	Contact
Greg Rubins	Partner and Chief Audit Executive	<a href="mailto:Greg.Rubins@bdo.co.uk">Greg.Rubins@bdo.co.uk</a> 07710 703441
Adam Spires	Director (schools audit programme)	<a href="mailto:Adam.Spires@bdo.co.uk">Adam.Spires@bdo.co.uk</a> 07966 283645
Angela Mason-Bell	Senior Manager	<a href="mailto:Angela.Mason-Bell@bdo.co.uk">Angela.Mason-Bell@bdo.co.uk</a> 07813 000319
Steve Willett	Assistant manager	<a href="mailto:Steve.Willett@bdo.co.uk">Steve.Willett@bdo.co.uk</a>

Name	Grade	Contact
Ollie Smith	Semi-senior auditor	<a href="mailto:Ollie.Smith@bdo.co.uk">Ollie.Smith@bdo.co.uk</a>
Nemisha Patel	Internal auditor	<a href="mailto:Nemisha.Patel@bdo.co.uk">Nemisha.Patel@bdo.co.uk</a>
Shrey Choudhary	Internal auditor (follow up)	<a href="mailto:Shrey.Choudhary@bdo.co.uk">Shrey.Choudhary@bdo.co.uk</a>

FOR MORE INFORMATION:

**Greg Rubins**

+447710703441

greg.rubins@bdo.co.uk

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