

**Notice of Meeting**

**AUDIT AND STANDARDS COMMITTEE**

**Tuesday, 9 May 2023 - 7:00 pm**  
**Council Chamber, Town Hall, Barking**

**Members:** Cllr Princess Bright (Chair); Cllr Rocky Gill (Deputy Chair); Cllr Dorothy Akwaboah, Cllr Josie Channer, Cllr Manzoor Hussain, Cllr Margaret Mullane, Cllr Adegboyega Oluwole, Cllr Muazzam Sandhu and Stephen Warren

**Independent Member** Stephen Warren

Date of publication: 27 April 2023

Fiona Taylor  
Acting Chief Executive

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Please note that this meeting will be webcast via the Council's website. Members of the public wishing to attend the meeting in person can sit in the public gallery on the second floor of the Town Hall, which is not covered by the webcast cameras. To view the webcast online, click [here](#) and select the relevant meeting (the weblink will be available at least 24-hours before the meeting).

**AGENDA**

- 1. Apologies for Absence**
- 2. Declarations of Interest**
- 3. Minutes - To confirm as correct the minutes of the meetings held on 7 February 2023 (Pages 3 - 6)**
- 4. Council's Accounts Audit Update - 2019/20, Subsidiaries' accounts audit - 2021/22 and Progress on Accounts Closure - 2022/23 (Pages 7 - 8)**
- 5. Complaints Update (Pages 9 - 11)**
- 6. Draft Internal Audit Charter, Strategy and Plan for 2023/24 (Pages 13 - 38)**
- 7. Work Programme 2023/24 (Pages 39 - 40)**

8. **Any other public items which the Chair decides are urgent**
  
9. **To consider whether it would be appropriate to pass a resolution to exclude the public and press from the remainder of the meeting due to the nature of the business to be transacted**

#### **Private Business**

The public and press have a legal right to attend Council meetings such as the Audit and Standards Committee, except where business is confidential or certain other sensitive information is to be discussed. The list below shows why items are in the private part of the agenda, with reference to the relevant legislation (the relevant paragraph of Part 1 of Schedule 12A of the Local Government Act 1972 as amended). ***There are no such items at the time of preparing this agenda.***

10. **Any other confidential or exempt items which the Chair decides are urgent**

## Our Vision for Barking and Dagenham

# **ONE BOROUGH; ONE COMMUNITY; NO-ONE LEFT BEHIND**

## Our Priorities

### **Participation and Engagement**

- To collaboratively build the foundations, platforms and networks that enable greater participation by:
  - Building capacity in and with the social sector to improve cross-sector collaboration
  - Developing opportunities to meaningfully participate across the Borough to improve individual agency and social networks
  - Facilitating democratic participation to create a more engaged, trusted and responsive democracy
- To design relational practices into the Council's activity and to focus that activity on the root causes of poverty and deprivation by:
  - Embedding our participatory principles across the Council's activity
  - Focusing our participatory activity on some of the root causes of poverty

### **Prevention, Independence and Resilience**

- Working together with partners to deliver improved outcomes for children, families and adults
- Providing safe, innovative, strength-based and sustainable practice in all preventative and statutory services
- Every child gets the best start in life
- All children can attend and achieve in inclusive, good quality local schools
- More young people are supported to achieve success in adulthood through higher, further education and access to employment
- More children and young people in care find permanent, safe and stable homes
- All care leavers can access a good, enhanced local offer that meets their health, education, housing and employment needs
- Young people and vulnerable adults are safeguarded in the context of their families, peers, schools and communities

- Our children, young people, and their communities' benefit from a whole systems approach to tackling the impact of knife crime
- Zero tolerance to domestic abuse drives local action that tackles underlying causes, challenges perpetrators and empowers survivors
- All residents with a disability can access from birth, transition to, and in adulthood support that is seamless, personalised and enables them to thrive and contribute to their communities. Families with children who have Special Educational Needs or Disabilities (SEND) can access a good local offer in their communities that enables them independence and to live their lives to the full
- Children, young people and adults can better access social, emotional and mental wellbeing support - including loneliness reduction - in their communities
- All vulnerable adults are supported to access good quality, sustainable care that enables safety, independence, choice and control
- All vulnerable older people can access timely, purposeful integrated care in their communities that helps keep them safe and independent for longer, and in their own homes
- Effective use of public health interventions to reduce health inequalities

## **Inclusive Growth**

- Homes: For local people and other working Londoners
- Jobs: A thriving and inclusive local economy
- Places: Aspirational and resilient places
- Environment: Becoming the green capital of the capital

## **Well Run Organisation**

- Delivers value for money for the taxpayer
- Employs capable and values-driven staff, demonstrating excellent people management
- Enables democratic participation, works relationally and is transparent
- Puts the customer at the heart of what it does
- Is equipped and has the capability to deliver its vision

## **MINUTES OF AUDIT AND STANDARDS COMMITTEE**

Tuesday, 7 February 2023  
(7:00 - 7:45 pm)

**Present:** Cllr Princess Bright (Chair), Cllr Rocky Gill (Deputy Chair), Cllr Dorothy Akwaboah, Cllr Josie Channer, Cllr Margaret Mullane, Cllr Adegboyega Oluwole and Cllr Muazzam Sandhu

**Also Present:** Stephen Warren, Independent Advisor

**Apologies:** Cllr Manzoor Hussain

### **24. Declarations of Interest**

The Independent Advisor (IA) disclosed that he was engaged as a consultant to Public Sector Audit Appointments (PSAA) which appointed the Council's external auditor. The IA disclosed that he had advised on the financial evaluation on the forthcoming tender and the potential impact on the time that would be required as a result of changes in auditing and accounting standards requirements.

The IA assured the Committee that it did not directly affect Barking and Dagenham Council or the appointment of an external auditor. The Chair agreed that this was not a disqualifying interest and permitted the IA to continue to participate in the meeting.

### **25. Minutes - To confirm as correct the minutes of the meeting held on 6 December 2022**

The minutes of the meeting held on 6 December 2022 confirmed as correct.

### **26. Council's Accounts Audit Update - 2019/20 and Subsidiaries' accounts audit - 2021/22**

The Principal Accountant (PA) updated the Committee.

BDO was unable to conclude their work as the Audit Partner (AP) was signed off sick. BDO was now targeting a window of four weeks in mid-March to carry out all remaining work on the Audit Completion Report, with the intention of signing off the audit by the end of April 2023. Therefore, the next meeting of the Audit and Standards Committee had been rescheduled to 24 April 2023 in light of this.

The PA reported that the 2021/22 audits of the Council's subsidiaries were completed more quickly than the previous year and were unqualified. At the time of the presentation, the audit of all but two of the Council's subsidiary companies had been completed and accounts filed with Companies House. All of the subsidiaries had been audited by a different firm and not BDO.

The audit of Reside had been challenging and the PA disclosed that the Council had sought, and been given, authorisation by Companies House to extend the filing deadline. The PA expected the Reside and BD Giving audits to be signed off

and filed with Companies House by the end of February 2023. The audit work for BD Trading Partnerships' 2021/22 accounts had been largely completed and was in its final phase.

The Committee expressed its disappointment at the latest delay to the 2019/20 Audit completion report and the non-attendance of BDO representatives.

The Strategic Director of Finance and Investments (SDFI) acknowledged the Committee's concerns. The SDFI disclosed that the AP was undertaking a phased return to work. In addition to this, the AP had pre-planned leave. Upon their return, the AP would work only on Barking and Dagenham's audit as well as that of Barnet Council. This was deemed sufficient time to carry out all outstanding work. It was expected that audit work would be completed in April 2023 and the Audit Completion Report submitted to the Committee for consideration soon after. The SDFI also disclosed that the plan for the 2020/21 audit would follow.

BDO had written to the Chairs of the Audit Committees and the Chief Financial Officers of the councils that it was auditing, informing them that it would not commence work on 2021/22 audits and beyond until they had cleared their backlog of earlier audits.

There was a shortage of auditors who were qualified to carry out local government audits, as evidenced by the dependence on specific individuals and the SDFI emphasised that this was not unique to BDO. Appointing a new Audit Partner would also result in further delays as they would need time to understand the Council's structure and review already completed work. The Financial Reporting Council (FRC) had recruited a new Head of Local Audit who had a background in local government auditing. It was hoped that this would result in changes to requirements in relation to local government audits, which the SDFI said differed little from private sector requirements despite major differences in operational requirements.

The Committee asked what the outcome would be if the April deadline was not met. The SDFI explained that April was when BDO, in line with other auditors, would focus on NHS-related audits and therefore the completion report would be delayed to July 2023. It was hoped that this would be avoided.

The IA and the SDFI clarified that the Council faced no penalty for late completion nor was there a requirement for the filing of audits under the relevant legislation. However, the Council was required to publish accounts with a statement that the audit had not been completed.

The IA clarified that the law stipulated that local authority auditors must be separately licenced and only those auditors were permitted to sign off local authority audits adding that there was a limited number of auditors qualified to do so. The IA, responding to the Committee's questioning, said that if there were further delays, the Council had the option of directly approaching PSAA, which appointed the auditor.

The Committee noted the update.

## **27. The Localism Act 2011- Appointment of Independent Persons**

The Head of Law (HoL) updated the Committee.

In July 2022, the Assembly agreed that the current Independent Person could remain in post until May 2023. The Monitoring Officer had been contacted and had agreed to continue as the Independent Person under the present arrangements.

The HoL asked the Committee to agree to the limited cyclical recruitment of a reserve independent persons with the purpose of increasing diversity and inclusion. The HoL provided the Committee with three options-

- Option A Carry out fresh recruitment cycle of all Independent persons;
- Option B Retain the existing Independent Persons;
- Option C Retain the existing Independent Persons and carry out a limited cyclical recruitment cycle for a reserve Independent Person.

The Committee agreed to Option C Retain the existing Independent Persons and carry out a limited cyclical recruitment cycle for a reserve Independent Person the limited cyclical recruitment of a reserve independent person.

## **28. Complaints Update**

Responding to questioning, the HoL explained that where a complaint was dismissed as vexatious, the complainant had the option of pursuing the complaint with the Local Government Ombudsman.

The Committee noted the update.

## **29. Work Programme 2022/23**

The Committee noted the work programme.

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**AUDIT AND STANDARDS COMMITTEE****9 May 2023**

<b>Title:</b> Council's Accounts Audit Update - 2019/20, Subsidiaries' accounts audit – 2021/22 and Progress on Accounts Closure – 2022/23	
<b>Report of the Chief Financial Officer</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b> Yes
<b>Report Author:</b> Thomas Mulloy, Chief Accountant	<b>Contact Details:</b> E-mail: <a href="mailto:Thomas.Mulloy@lbbd.gov.uk">Thomas.Mulloy@lbbd.gov.uk</a>
<b>Accountable Director:</b> Philip Gregory, Chief Financial Officer (Section 151 Officer)	
<b>Accountable Strategic Leadership Director:</b> Philip Gregory, Chief Financial Officer (Section 151 Officer)	
<b>Summary</b>	
This report is to note an update regarding the external audit of the Council's Statement of Accounts 2019/20 as well as of a subsidiary. And to update on the latest regarding 2022/23 accounts closure of the Council's single entity accounts.	
<b>Recommendation(s)</b>	
The Audit and Standards Committee is recommended to note the contents of this report.	
<b>Reason(s)</b>	
It is a statutory obligation for the Council's Statement of Accounts to be produced and audited, and that the Statement of Accounts and the Annual Governance Statement must be approved by a Committee of the Council	

**1. Introduction and Background**

- 1.1 At the last meeting of the Committee, BDO provided a timetable to the Committee for completing the 2019/20 audit which has been beset by delays. The plan was to complete the audit by May 2023 and to present it to the Committee at June ASC. However, this now does not look feasible. BDO will be providing a verbal update to the Committee on the progress in meeting the deadlines that were set out.
- 1.2 Although the 2019/20 accounts audit of the Council and its Group Accounts is still on-going, the individual 2021/22 accounts audits of the Council's subsidiaries are completed with the exception of one – Barking & Dagenham Trading Partnership. See below for further information.

- 1.3 Work is already underway for the Council's single entity FY22/23 accounts closure. Compared to last year, significant progress has been made and this is in some part attributed to a new tool acquired during the year.
- 1.4 The intention is to have a complete working set of single entity accounts ready by end May 2023, thus meeting the statutory deadline. However, the Group Accounts are subject to timely receipt of draft accounts from the subsidiaries. Every effort is being made to publish the draft accounts online along with the previous years' versions.

**1.4.1 Barking & Dagenham Trading Partnership (BDTP Group)**

This has been delayed and an extension has been requested from the Companies House. The audit fieldwork is completed and their external auditors need to carry out final checks which are expected to take place in the coming weeks.

**2. Financial Implications**

*Implications completed by: Thomas Mulloy, Chief Accountant*

- 2.1 Other than the audit fees previously mentioned in the Audit Plan, there are no financial implications arising from the report.

**3. Legal Implications**

*Implications completed by: Dr Paul Feild, Senior Governance Lawyer*

- 3.1 The Chief Financial Officer has a statutory duty, under Section 151 of the Local Government Act 1972, to ensure that there are proper arrangements in place to administer the Council's financial affairs. An essential component of sound administration is a sound audit function.
- 3.2 The Local Audit and Accountability Act 2014, established a new audit regime. Local Authorities must appoint a local auditor which in carrying out its' role must be satisfied that the authority has:
- made proper arrangements for securing economy, efficiency and effectiveness in its use of resources;
  - in its accounts comply with the requirements of the enactments that apply to them;
  - observed proper practices in the preparation of the statement of accounts and that the statement presents a true and fair view.
- 3.3 This is supported by the Code of Audit Practice, published by the NAO, which requires auditors to 'take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements.'

**Public Background Papers Used in the Preparation of the Report: None**

**AUDIT AND STANDARDS COMMITTEE****9 May 2023**

<b>Title:</b> Complaints Update	
<b>Report of the Monitoring Officer</b>	
<b>Open Report</b>	<b>For Information</b>
<b>Wards Affected:</b> None	<b>Key Decision:</b> No
<b>Report Author:</b> Dr.Paul Feild Principal Standards & Governance Lawyer	<b>Contact Details:</b> Tel: 0208 227 2638 E-mail: <a href="mailto:paul.feild@lbbd.gov.uk">paul.feild@lbbd.gov.uk</a>
<b>Accountable Director:</b> Alison Stuart, Chief Legal Officer and Interim Monitoring Officer	
<b>Accountable Strategic Leadership Director:</b> Fiona Taylor, Interim Chief Executive	
<b>Summary:</b>	
<p>This report is to provide the Committee with an update of complaints against Members of the Council, their status, outcome and actions taken.</p> <p>On 1 July 2012 the Assembly adopted, as required by the Localism Act 2011, a new local Code of Conduct and Complaint Procedure.</p> <p>In accordance with the Code, the Monitoring Officer conducts an initial assessment of complaints about Members of the Council against approved criteria and may consult with the Independent Person and try to resolve matters informally if possible or appropriate. If the complaint requires further investigation or referral to the Audit and Standards Committee there may still be a hearing of a complaint before its Sub-Committee.</p>	
<b>Recommendation(s)</b>	
The Audit and Standards Committee is recommended to note the report.	
<b>Reason(s)</b>	
For continued good governance and to ensure that the Standards Committee is aware of complaints against Members of the Council.	

**1. Options Appraisal**

1.1 This report is for information only.

**2. Consultation**

2.1 This report is for information only.

### **3. Financial Implications**

3.1 There are no financial implications associated with this report.

### **4. Legal Implications**

Implications completed by: Dr. Paul Feild  
Principal Standards & Governance Lawyer

4.1 It is a legal requirement that the Council promotes and maintains high standards of conduct by Members and Co-opted Members of the authority. The Audit and Standards Committee contributes to this duty by receiving reports from the Monitoring Officer and assessing the operation and effectiveness of the Code of Conduct for Members. Additionally, the Committee advises on training of Members on matters relating to the Code as well as receiving referrals from the Monitoring Officer into allegations of misconduct in accordance with the authority's assessment criteria.

4.2 This report furthers those objectives by providing timely updates to the Audit and Standards Committee with regard to the operation of the Code of Conduct.

#### **Background Papers Used in the Preparation of the Report:**

- The Council Constitution

**List of appendices: Appendix A – Schedule of Complaints received.**

**Member Complaints – Monitoring Officer Rolling Record - May 2023**

Ref:	Receipt of Complaint	Member(s)	Complainant	Nature of Complaint	Investigation	Standards Hearing	Outcome	Status (Open/closed)
MC 6/22	Oct 2022	Two Members	Officer	Indicative matter of breach of the Code of Conduct	Fact finding process commenced	To be determined in due course	Not applicable	Open
MC 1/23	Feb 2023	Two Members	Citizen	Indicative matter of breach of the Code of Conduct	Desk top fact-finding process concluded	None	<p>The Complaints were dismissed, as on the evidence provided there was no proof of a breach of the Code of Conduct. It was noted that neither Councillor were the Complainant's Ward Councillors nor did it appear the Complainant resides in the borough.</p> <p>It is not a role of either Member or an expectation of them to respond or intervene on a non-borough resident's issues they may have with the performance of Council Services. That is an operational matter for officers and the Council has a clear complaints process for which persons can utilise to seek redress in the event of experiencing issues with Council Services. The complaint has been forwarded onto the Complaints Team.</p> <p>Accordingly, the Monitoring Officer has applied paragraphs 15.6 and 16 (Public Interest) of the Councils Code of Councillors Conduct which enables her to '<i>dismiss a complaint without resort to further investigation if they are of the opinion that the complaint is lacking in evidence... and has no reasonable prospect of success.</i>' furthermore the Monitoring Officer <i>considered it is not in the public interest to focus on matters which are either vexatious, trivial, petty, party political, have no realistic prospect of success or without evidence.</i></p>	Closed

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**AUDIT & STANDARDS COMMITTEE****9 May 2023**

<b>Title:</b> Draft Internal Audit Charter, Strategy and Plan for 2023/24	
<b>Open Report</b>	<b>For Discussion &amp; Agreement</b>
<b>Wards Affected:</b> None	<b>Key Decision:</b> No
<b>Report Author:</b> Christopher Martin, Head of Assurance	<b>Contact Details:</b> Tel: 07870 278188 E-mail: <a href="mailto:Christopher.Martin@lbbd.gov.uk">Christopher.Martin@lbbd.gov.uk</a>
<b>Accountable Director:</b> Philip Gregory - Strategic Director, Finance & Investment	
<b>Summary:</b>	
<p>The Internal Audit Charter defines the purpose, activity and responsibility of Internal Audit activity and is reviewed and presented annually for approval. It has been reviewed by the Head of Assurance and contains minor amendments as detailed below.</p> <p>The Internal Audit Strategy for 2023/24 onwards details how the Internal Audit service will be delivered and is reviewed and presented annually for approval. It has been reviewed by the Head of Assurance to ensure that it reflects current practice.</p> <p>The Internal Audit Plan 2023/24 has been developed in line with the Charter and Strategy. It has been fully funded to enable production of an effective annual Internal Audit opinion.</p>	
<b>Recommendations:</b>	
<p>The Audit and Standards Committee is asked to:</p> <ul style="list-style-type: none"> <li>(i) Approve the draft Internal Audit Charter.</li> <li>(ii) Approve the draft Internal Audit Strategy 2023/24</li> <li>(iii) Approve the draft Internal Audit Plan 2023/24.</li> </ul>	

**1 Internal Audit Charter (“the Charter”)**

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require the purpose, authority and responsibility of the Internal Audit activity to be formally defined in an Internal Audit Charter. The PSIAS require periodic review of the Charter by the Chief Audit Executive and to be presented to senior management and the board for approval.
- 1.2 The Charter is reviewed at least annually by the Head of Assurance and presented for approval. The Charter was last presented to the Audit and Standards Committee in July 2022.
- 1.3 The Charter has been updated by the Head of Assurance simply to reflect current reporting lines and no other changes are deemed necessary.

1.4 The Internal Audit Charter is set out at Appendix 1 of this report and is presented for approval.

## **2 Internal Audit Strategy (“the Strategy”) 2023/24**

2.1 The Strategy details how the Internal Audit service will be delivered, in line with the Charter and includes:

- resources;
- approach to preparing and delivering the internal audit plan;
- quality assurance;
- reporting;
- follow-up;
- annual opinion; and
- performance monitoring.

2.2 It is presented at least annually for approval. The Strategy was last presented to the Audit and Standards Committee in July 2022 and has been updated by the Head of Assurance to reflect minor changes in working practice and no major changes are deemed necessary.

2.3 As noted at Section 3 of the Strategy, the Internal Audit service is provided by a small in-house team supported by externally provided resources. The in-house team currently consists of the Head of Assurance whose remit amongst other related services includes Internal Audit. There is also a fully qualified Internal Audit Manager, a fully qualified Principal Auditor and an Audit Apprentice.

2.4 It is proposed that the existing arrangement to co-source external support from both Mazars and PwC via the appropriate framework contracts is continued into 2023/24.

2.5 As noted at section 4 of the Strategy, all London Borough of Barking and Dagenham’s activities (including those delivered by external providers) and legal entities are within the scope of Internal Audit. As a result, the Internal Audit plan includes risk-based audit activity in the Council’s companies. The Internal Audit activity will not cover all activities of the companies, although they may request this activity at a cost.

2.6 The Strategy is set out at Appendix 2 and is presented for approval.

## **3 Internal Audit Plan (“the Plan”) 2023/24**

3.1 The Plan has been developed in line with the Charter and Strategy. It details the planned use of Internal Audit resources for 2023/24, including draft audit titles and proposed audit objectives. It is compiled at least annually prior to the commencement of each financial year and reviewed periodically to reflect any relevant changes.

3.2 The plan includes the number of days allocated to each project for transparency, clarity and ease of planning. A number of days within the plan have been held back as contingency to reflect the fact that some risks and challenges present themselves during the year and require an immediate response.

3.3 The Plan is set out at Appendix 3 and is presented for approval.



## 4 Legal Implications

*Implications completed by: Dr Paul Feild, Senior Governance Solicitor*

- 4.1 The Accounts and Audit (England) Regulations 2015 section require that: a relevant authority must ensure that it has a sound system of internal control which—facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective; and includes effective arrangements for the management of risk.
- 4.2 Furthermore the Director of Finance has a statutory duty, under Section 151 of the Local Government Act 1972 and Section 73 of the Local Government Act 1985, to ensure that there are proper arrangements in place to administer the Council's financial affairs.
- 4.3 The Local Government Act 1972 provides the Council with the ability to investigate and prosecute offences committed against it. We will enhance our provision further by making best use of existing legislation, for example the Proceeds of Crime Act 2002, to ensure that funds are recovered, where possible by the Council.

## 5 Financial Implications

*Implications completed by: Katherine Heffernan, Group Manager – Service Finance*

- 5.1 Internal Audit is fully funded as part of the Council's Finance Service. It is a key contribution to the overall management and control of the Council and its stewardship of public money. The recommendations and improvements as a result of its findings will be implemented from within existing resources. There are no further financial implications arising from this report .

## 6 Other Implications

- 6.1 **Risk Management** – The internal audit plan is risk-based and therefore supports effective risk management across the Council.
- 6.2 **Contractual issues** – As detailed above, delivery of the internal audit service will utilise two contracts, one with PwC and one with Mazars. Contracts for both organisations are in place following procurement processes undertaken by other London Boroughs.
- 6.3 **Staffing issues** – There is no impact on current staff.
- 6.4 **Corporate policy and customer impact** – The internal audit service is aligned to corporate objectives. No impact on race, gender, disability, sexuality, faith, age or community cohesion.
- 6.5 **No other implications to report**

**7 Public Background Papers Used in the Preparation of the Report: None**

**8 List of appendices:**

Appendix 1: Internal Audit Charter  
Appendix 2: Internal Audit Strategy 2023/24  
Appendix 3: Internal Audit Plan 2023/24

## Appendix 1: Internal Audit Charter

### Contents:

1. Introduction
2. Purpose
3. Scope
4. Authority
5. Responsibility
6. Independence
7. Professional competence and due care
8. Reporting and monitoring

### 1. Introduction

Regulation 5 (1) of the Accounts and Audit Regulations 2015 requires that; '*A relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector Internal audit standards and guidance*'.

This Internal Audit Charter provides the framework for the conduct of the Internal Audit function in the London Borough of Barking and Dagenham and has been approved by the Audit and Standards Committee. It has been created with the objective of formally establishing the purpose, authority and responsibilities of the Internal Audit function.

It is reviewed, updated as required and reported to the Audit and Standards Committee for consideration at least annually.

### 2. Purpose

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

Internal Audit is defined by the Institute of Internal Auditors' International Professional Practices Framework as "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".

In a local authority, Internal Audit provides independent and objective assurance to the organisation, its Members, the Senior Leadership Team and in particular the Finance Director to help them discharge their responsibilities under s151 of the Local Government Act 1972, relating to the proper administration of the Council's financial affairs.

Within an organisation, there are three lines of defence in place to effect controls. The first line of defence is the day-to-day operational controls, the second is the management controls (budget & performance monitoring, trend analysis) and the third is independent inspection, both internal & external. Internal audit forms part of the third line of defence and provides assurance on the effectiveness of governance arrangements, risk management and internal controls, and this includes an assessment of the effectiveness of the first two lines of defence. Internal Audit can place reliance on assurances provided by third parties, although depending on the source, this may require some independent validation.

### **3. Scope**

All London Borough of Barking and Dagenham's activities (including activities delivered by external providers and wholly/partially owned companies) and legal entities are within the scope of Internal Audit. Internal Audit determines what areas within its scope should be included within the annual audit plan by adopting an independent risk-based approach. Internal Audit does not necessarily cover all potential scope areas every year. The audit programme includes obtaining an understanding of the processes and systems under audit, evaluating their adequacy, and testing the operating effectiveness of key controls. Internal Audit can also, where appropriate, undertake special investigations and consulting engagements at the request of the Audit and Standards Committee and the Strategic Leadership Team through the Corporate Assurance Board.

Notwithstanding Internal Audit's responsibilities to be alert to indications of the existence of fraud and weaknesses in internal control which would permit fraud to occur, the Internal Audit activity will not undertake specific fraud-related work. Fraud-related work is carried out by the Counter Fraud team.

Internal Audit will coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimise duplication of efforts.

### **4. Authority**

The Internal Audit function of the London Borough of Barking and Dagenham derives its authority from the Financial Regulations and Rules which form part of the Council's constitution. The Head of Assurance is authorised to have full and complete access to any of the organisation's records, properties and personnel. The Head of Assurance is also authorised to designate members of the audit staff to have such full and complete access in the discharging of their responsibilities and may engage experts to perform certain engagements which will be communicated to management. Internal Audit will ensure confidentiality is maintained over all information and records obtained in the course of carrying out audit activities. All records, documentation and information accessed in the course of undertaking internal audit activities shall be used solely for that purpose. All Internal Audit staff are responsible and accountable for maintaining the confidentiality of the information they receive in the course of their work.

### **5. Responsibility**

The Head of Assurance is responsible for preparing the annual audit plan in consultation with the Audit and Standards Committee and the Assurance Board, submitting the audit plan, Internal Audit budget, and resource plan for review and approval by the Audit and Standards Committee, implementing the approved audit plan, and issuing periodic audit reports on a timely basis to the Audit and Standards Committee and the Assurance Board.

The Head of Assurance is responsible for ensuring that the Internal Audit function has the skills and experience commensurate with the risks of the organisation. The Audit and Standards Committee should make appropriate inquiries of management and the Head of Assurance to determine whether there are any inappropriate scope or resource limitations.

Internal Audit provides individual assurance ratings and an annual overall opinion of the internal control environment based on the results of audit work conducted. This annual opinion is reported to the Audit and Standards Committee and the Assurance Board and forms an important part of the formation of the Annual Governance Statement.

It is the responsibility of management to identify, understand and manage risks effectively, including taking appropriate and timely action in response to audit findings. It is also management's responsibility to maintain a sound system of internal control and improvement of the same. The existence of an Internal Audit function, therefore, does not in any way relieve them of this responsibility.

Management is responsible for fraud prevention and detection. As Internal Audit performs its work programs, it will be observant of manifestations of the existence of fraud and weaknesses in internal control which would permit fraud to occur or would impede its detection.

In some instances, Internal Audit may rely on assurances provided by other providers of assurance but this will be dependent on the level of associated risk and some degree of independent verification may be required.

## **6. Independence**

Internal Audit staff will remain independent of the business and they shall report to the Head of Assurance who, in turn, shall report functionally to the Audit and Standards Committee and administratively to the Strategic Director, Finance & Investment (S151 Officer).

The Head of Assurance has full and unrestricted access to the following:

- The Chief Executive;
- The Strategic Director, Finance & Investment (S151 Officer)
- The Chair of the Audit & Standards Committee
- The Monitoring Officer
- All members of the Senior Leadership Team

All staff (including agency and contract staff) are required to make annual declarations of any potential conflicts of interest and adhere to confidentiality requirements. As far as resources permit, auditor rotation will be implemented to ensure auditors' objectivity is not impaired.

Internal Audit must ensure that it is not involved in the design, installation and operation of controls so as to compromise its independence and objectivity. Internal Audit will however offer advice on the design of new internal controls in accordance with best practice. Where Internal Audit do provide consultancy services, any audit staff involved in this consulting activity will not be involved in the audit of that area for at least 12 months.

Internal Audit must remain independent from the activities that it audits to enable auditors to make impartial and effective professional judgements and recommendations. The Head of Assurance has strategic responsibility for Risk Management, Insurance and Counter Fraud and since this role may involve establishing and maintaining the control environment, these functions will be audited independently when necessary by one of the co-sourced providers. The co-sourced providers will report directly to the Strategic Director, Finance & Investment in these instances with support from the Council's Internal Audit Manager who does not have any other operational responsibility. Internal Auditors have no other operational responsibilities towards the systems and functions audited.

Internal Audit is involved in the determination of its priorities in consultation with those charged with governance. The Head of Assurance has the freedom to report without fear or favour to all Members and officers, and particularly to those charged with governance.

Accountability for the response to the advice and recommendations of Internal Audit lies with management. Managers must either accept and implement the advice and recommendations, or formally reject them accepting responsibility and accountability for doing so.

## **7. Professional competence and due care**

The Internal Audit function will adhere to / comply with the following:

- Institute of Internal Auditor's International Code of Ethics
- The Seven Principles of Public Life ('Nolan Principles')
- UK Public Sector Internal Audit Standards
- All Council policies and procedures
- All legislation

All audit work is subject to in house quality control procedures whereby each audit review is subject to senior peer review. The audit service will be subject to an annual self-assessment to assess its compliance with the UK Public Sector Internal Audit Standards and an external review and assessment at least once every 5 years by a suitably qualified, independent assessor.

The Head of Assurance is required to hold a relevant professional qualification (CCAB or CMIIA) and be suitably experienced. All staff are required to maintain a programme of Continuous Professional development (CPD) to ensure auditors maintain and enhance their knowledge, skills and audit competencies.

## **8. Reporting and monitoring**

At the end of each audit, the Head of Assurance or designee will prepare a written report and distribute it as appropriate. Internal Audit will be responsible for appropriate follow-up of significant audit findings and validation of agreed action plans. All significant findings will remain open file until cleared by Internal Audit or the Audit and Standards Committee.

The Audit and Standards Committee will be updated regularly on the work of Internal Audit through periodic and annual reports. The Head of Assurance shall prepare reports of audit activities with significant findings along with any relevant agreed action plans and provide periodic information on the status of the annual audit plan.

Periodically, the Head of Assurance may meet with the Chair of the Audit and Standards Committee in private to discuss Internal Audit matters.

The performance of Internal Audit will be monitored through the implementation of a Quality Assurance and Improvement Programme. The results of external and internal assessments will be reported upon completion to the Assurance Board and the Audit and Standards Committee.

## **Appendix 2: Internal Audit Strategy 2023/24**

### **Contents:**

1. Introduction
2. Objectives
3. Resources
4. Approach to preparing the Internal Audit plan
5. Approach to delivering the Internal Audit plan
6. Quality assurance
7. Reporting, including rating definitions
8. Annual opinion
9. Follow up of findings and agreed action plans
10. Internal Audit performance monitoring

### **1. Introduction**

The Internal Audit service will be delivered in accordance with the Internal Audit Charter.

The work of Internal Audit is structured through an approved Internal Audit Plan. This is compiled at least annually prior to the commencement of each financial year and reviewed periodically to reflect any relevant changes.

The Internal Audit plan is driven by the Council's organisational objectives and priorities, and the risks that may prevent the Council from meeting those priorities.

### **2. Objectives**

Internal Audit will provide independent and objective assurance to the organisation, its Members, senior management and in particular to the CFO to support them in discharging their responsibilities under S151 of the Local Government Act 1972, relating to the proper administration of the Council's financial affairs.

It is the Council's intention to provide a best practice, cost efficient Internal Audit service which adds value to the organisations it serves.

The Internal Audit service is an assurance function that primarily provides an independent and objective opinion on the degree to which the internal control environment supports and promotes the achievement of the Council's objectives.

Under the direction of a suitably qualified and experienced Head of Assurance, Internal Audit will:

- Provide management and Members with an independent, objective assurance and consulting activity designed to add value and improve the Council's operations.
- Assist the Audit Committees to reinforce the importance of effective corporate governance and ensure internal control improvements are delivered;
- Drive organisational change to improve processes and service performance;
- Work with other internal stakeholders and customers to review and recommend improvements to internal control and governance arrangements in accordance with regulatory and statutory requirements;
- Work closely with other assurance providers to share information and provide a value for money assurance service and;
- Participate in local and national bodies and working groups to influence agendas and

developments within the profession.

Internal Audit will ensure that it is not involved in the design, installation and operation of controls so as to compromise its independence and objectivity. However, Internal Audit will offer advice on the design of new internal controls in accordance with best practice.

### **3. Resources**

The Internal Audit service is provided by a small in-house team, focusing on stakeholder management, solid ongoing working relationships and providing detailed local knowledge. The in-house team is supported by externally provided resources to enable the Council to commission the volumes and specialist skills as required.

In-house skills are refreshed, in line with best practice through such bodies as CIPFA's Better Governance Forum, the Local Authority Chief Auditor Network (LACAN) and the London Audit Group. Appropriate training is identified through the Council's appraisal process and Continued Professional Development of qualified staff.

### **4. Approach to preparing the Internal Audit plan**

The work of Internal Audit is structured through an approved Internal Audit Plan. This is compiled at least annually prior to the commencement of each financial year and reviewed periodically to reflect any relevant changes.

All London Borough of Barking and Dagenham's activities (including activities delivered by external providers) and legal entities are within the scope of Internal Audit. As a result, the Internal Audit plan includes risk-based audit activity in the Council's companies. The Internal Audit activity will not cover all activities of the companies, although the companies may request this activity at a cost.

Internal Audit determines what areas within its scope should be included within the annual audit plan by adopting an independent risk-based approach. Internal Audit does not necessarily cover all potential scope areas every year.

The Internal Audit plan is driven by the Council's organisational objectives and priorities, and the risks that may prevent the Council from meeting those priorities. This has been achieved through:

- Understanding the Council's vision for the borough and priorities.
- Identifying the auditable areas within the Council aligned to the 'Service Delivery Blocks'.
- Engaging with management throughout the Council to understand key risks, areas of significant change, assurance work to date and other assurance providers.
- Engaging with external audit to consult on audit plans and to seek opportunities for co-operation in the conduct of audit work.
- Understanding emerging issues and potential audit areas from sector and assurance knowledge and understanding.

### **5. Approach to delivering the Internal Audit plan**

The Internal Audit plan will be delivered in line with the Internal Audit Manual. This includes the following key steps:

- 1) Preparation for an audit, including research, a planning / scoping meeting and production of a written Terms of Reference.



- 2) Fieldwork, in line with the stated audit approach in the Terms of Reference. During fieldwork, the auditors will keep the key audit contact updated with progress and potential issues arising. Fieldwork will conclude with an exit meeting confirming all issues arising and discussion of action plans to address.
- 3) Formal reporting of the audit objective and scope, issues identified and agreed action plans. The reporting process will include issue of a draft to confirm factual accuracy and agreement of actions plans prior to finalising.

Terms of Reference and Final Internal Audit reports will include the relevant Strategic Director.

## 6. Quality assurance

Quality will be assured by adherence to professional auditing standards and through supervision by senior audit staff. The Internal Audit service is bound by the following standards:

- Institute of Internal Auditor’s International Code of Ethics;
- The relevant Code of Ethics for the professional bodies that members of the service are members of, such as the Chartered Institute of Internal Auditors and the accountancy professions that constitute the CCAB;
- UK Public Sector Internal Audit Standards (PSIAS);
- All Council Policies and Procedures; and
- All relevant legislation.



In accordance with the Accounts & Audit Regulations 2015, an annual review of Internal Audit against the PSIAS will be undertaken. This will be conducted externally at least once every five years in line with PSIAS requirements. Results of reviews will be reported to the Audit and Standards Committee. The Head of Assurance may also carry out the external reviews of other London Borough Internal Audit services as part of reciprocal arrangements in place.

## 7. Reporting, including rating definitions





At the end of each audit, the Head of Assurance or designee will prepare a written report detailing the audit objective and scope, findings and agreed action plans.

Each audit finding will be rated critical, high, medium or low risk in line with the following risk rating definitions:

<p><b>Critical</b></p> <p>●●</p>	<p>Immediate and significant action required. A finding that could cause:</p> <ul style="list-style-type: none"> <li>• Life threatening or multiple serious injuries or prolonged work place stress. Severe impact on morale &amp; service performance (e.g. mass strike actions); or</li> <li>• Critical impact on the reputation or brand of the organisation which could threaten its future viability. Intense political and media scrutiny (i.e. front-page headlines, TV). Possible criminal or high profile civil action against the Council, members or officers; or</li> <li>• Cessation of core activities, strategies not consistent with government’s agenda, trends show service is degraded. Failure of major projects, elected Members &amp; Senior Directors are required to intervene; or</li> <li>• Major financial loss, significant, material increase on project budget/cost. Statutory intervention triggered. Impact the whole Council. Critical breach in laws and regulations that could result in material fines or consequences.</li> </ul>
<p><b>High</b></p> <p>●</p>	<p>Action required promptly and to commence as soon as practicable where significant changes are necessary. A finding that could cause:</p> <ul style="list-style-type: none"> <li>• Serious injuries or stressful experience requiring medical many workdays lost. Major impact on morale &amp; performance of staff; or</li> </ul>

	<ul style="list-style-type: none"> <li>• Significant impact on the reputation or brand of the organisation. Scrutiny required by external agencies, inspectorates, regulators etc. Unfavourable external media coverage. Noticeable impact on public opinion; or</li> <li>• Significant disruption of core activities. Key targets missed, some services compromised. Management action required to overcome medium-term difficulties; or</li> <li>• High financial loss, significant increase on project budget/cost. Service budgets exceeded. Significant breach in laws and regulations resulting in significant fines and consequences.</li> </ul>
<b>Medium</b> 	<p>A finding that could cause:</p> <ul style="list-style-type: none"> <li>• Injuries or stress level requiring some medical treatment, potentially some workdays lost. Some impact on morale &amp; performance of staff; or</li> <li>• Moderate impact on the reputation or brand of the organisation. Scrutiny required by internal committees or Internal Audit to prevent escalation. Probable limited unfavourable media coverage; or</li> <li>• Significant short-term disruption of non-core activities. Standing orders occasionally not complied with, or services do not fully meet needs. Service action will be required; or</li> <li>• Medium financial loss, small increase on project budget/cost. Handled within the team. Moderate breach in laws and regulations resulting in fines and consequences.</li> </ul>
<b>Low</b> 	<p>A finding that could cause:</p> <ul style="list-style-type: none"> <li>• Minor injuries or stress with no workdays lost or minimal medical treatment, no impact on staff morale; or</li> <li>• Minor impact on the reputation of the organisation; or</li> <li>• Minor errors in systems/operations or processes requiring action or minor delay without impact on overall schedule; or</li> <li>• Handled within normal day to day routines; or</li> <li>• Minimal financial loss, minimal effect on project budget/cost.</li> </ul>

Each audit report will give an overall assurance level of substantial, reasonable, limited or no assurance, in line with the following assurance level definitions:

<b>Substantial</b> 	There is a sound control environment with risks to key service objectives being reasonably managed. Any deficiencies identified are not cause for major concern. Findings will normally only be Advice and Best Practice.
<b>Reasonable</b> 	An adequate control framework is in place but there are weaknesses which may put some service objectives at risk. There are Medium priority findings indicating weaknesses, but these do not undermine the system's overall integrity. Any Critical findings will prevent this assessment, and any High findings would need to be mitigated by significant strengths elsewhere.
<b>Limited</b> 	There are a number of significant control weaknesses which could put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. There are High findings indicating significant failings. Any Critical findings would need to be mitigated by significant strengths elsewhere.
<b>No</b> 	There are fundamental weaknesses in the control environment which jeopardise the achievement of key service objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered.

Reports will be distributed to the key contacts detailed in the audit Terms of Reference, including the appropriate senior manager and relevant Strategic Director. Reports rated "No" or "Limited" assurance will be provided to the Assurance Group.

Summary reports will be provided to the Assurance Group and the Audit and Standards Committee quarterly. These will detail changes to the Internal Audit plan, progress against the plan,

summaries of limited or no assurance reports, performance of Internal Audit in delivery of its service and management’s performance in implementing critical and high rated findings.

## 8. Annual Opinion

Internal Audit provides an annual overall opinion of the internal control environment based on the results of audit work conducted. In arriving at the opinion, the Head of Assurance also places reliance on other assurance activities and the governance framework and risk management processes in place.

This annual opinion is reported to the Audit and Standards Committee and the Assurance Group and forms an important part of the formation of the Annual Governance Statement.

## 9. Follow up of findings and agreed action plans

Internal Audit will be responsible for appropriate follow-up of critical and high rated audit findings and validation of agreed action plans. Management provide corroborating evidence to the auditor demonstrating that the recommendations made have been implemented and a risk-based approach, focusing on critical and high rated findings, is taken to review and validate the information provided.

Internal Audit will perform a full follow up of an area where the audit rating was “no assurance” in the following year.

Findings will remain open until cleared by Internal Audit or the Audit and Standards Committee.

Where reasonable progress is not achieved in addressing the findings, the Assurance Group and/or Audit and Standards Committee may request that the responsible manager / Strategic Director prepare and/or present a report to the Audit and Standards Committee setting out the action plan to address the findings and how residual risks are to be addressed until the action plan is fully delivered.

## 10. Internal Audit performance monitoring

The following performance indicators will be reported against quarterly to the Assurance Group and the Audit and Standards Committee:

Purpose	Target	What it measures
% of Audit Plan completed (Audits at draft report stage)	>25% by end of Q2	Delivery measure
	>50% by end of Q3	
	>80% by end of Q4	
	100% by end of May of the following year	
Meet standards of Public Sector Internal Audit Standards	Substantial assurance or above from annual review	Compliant with professional standards
High Risk Actions not addressed within timescales	<5%	Compliance measure
Overall Client Satisfaction	> 85% satisfied or very satisfied over rolling 12-month period	Customer satisfaction

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## Appendix 3: Internal Audit Plan 2023/24

### Contents:

1. Introduction
2. Approach to preparing the Internal Audit plan
3. Basis of the Internal Audit plan 2023/24
4. Internal Audit plan 2023/24
5. Resource requirement and financial implications
6. Internal Audit opinion
7. Changes to the plan

### 1. Introduction

This Internal Audit plan has been developed in accordance with the Internal Audit Charter and Internal Audit Strategy.

All London Borough of Barking and Dagenham's activities (including outsourced activities) and owned companies are within the scope of Internal Audit. Internal Audit determines what areas within its scope should be included within the annual audit plan by adopting an independent risk-based approach. Internal Audit does not necessarily cover all potential scope areas every year.

### 2. Approach to preparing the Internal Audit plan

The Internal Audit plan has been developed in accordance with the Internal Audit Strategy through:

- Understanding the Council's vision for the borough and its current strategic priorities:

**Vision:** A place people are proud of and want to live, work, study and stay.

**Strategic Priorities:**

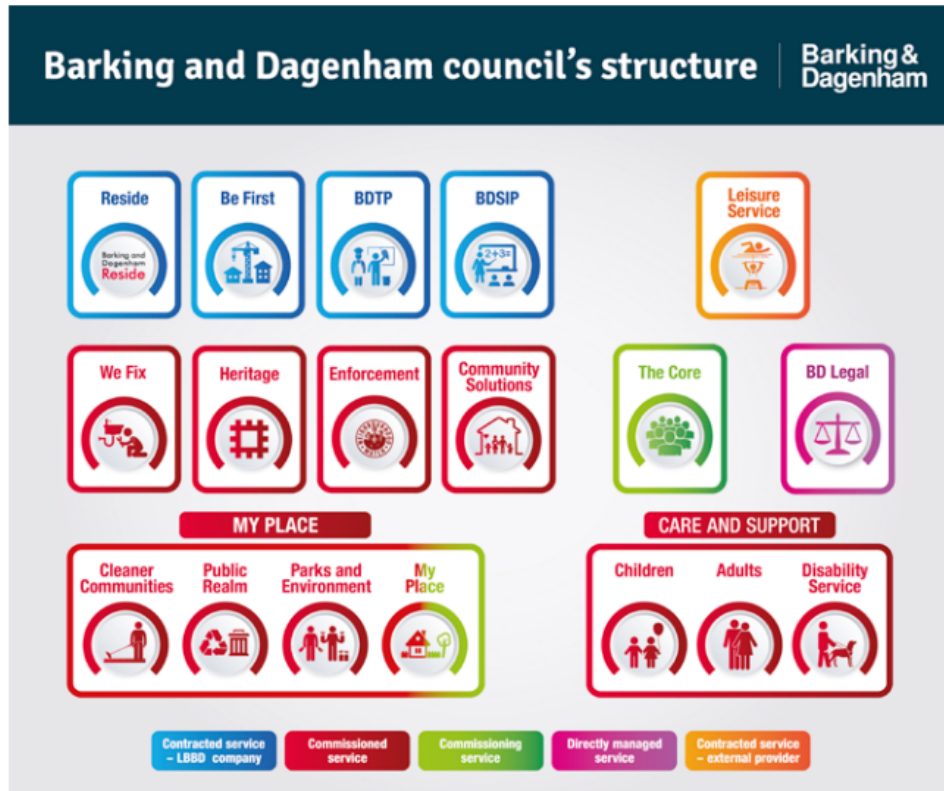
Priority 1: Participation & Engagement - Empowering residents by enabling greater participation in the community and in public services.

Priority 2: Prevention, Independence and Resilience - Children, families and adults in Barking & Dagenham live safe, happy, healthy and independent lives.

Priority 3: Inclusive Growth - Harness the growth opportunity that arises from our people, our land and our location in ways that protect the environment and enhance prosperity, wellbeing and participation for all Barking & Dagenham residents.

Priority 4: Well Run Organisation – Focusing on the efficient and effective operation of the Council itself.

- Identifying the auditable areas within the Council aligned to the 'Service Delivery Blocks':



- Engaging with management throughout the Council to understand key risks, areas of significant change, assurance work to date and other assurance providers. The Head of Assurance has held meetings with the Senior Leadership Team and other senior Council officers during the formation of this plan.
- Engaging with external audit to consult on audit plans and to seek opportunities for co-operation in the conduct of audit work. BDO, the current external auditors, are in the fourth year of their contract.
- Understanding emerging issues and potential audit areas from sector and assurance knowledge and understanding.

**3. Basis of the Internal Audit plan 2023/24**

The table below sets out the strategic audit plan by service delivery block, including relevant Internal Audit work from 2018/19 to 2022/23 along with relevant external sources of assurance and the suggested plan for 2023/24.

Audit planning comments	Internal Audit plan 2023/24
<b>Finance (incl. IT)</b>	
Previous relevant Internal Audit work:  <u>2022/23</u> <ul style="list-style-type: none"> <li>General Ledger (assurance TBC)</li> <li>Pension Fund Investments (assurance TBC)</li> <li>Capital Programme (assurance TBC)</li> </ul>	<ul style="list-style-type: none"> <li>Grant Income Review</li> <li>Pensions Administration</li> <li>General Ledger &amp; Budgetary Control</li> <li>Value Added Tax</li> <li>Systems Logical Access Review</li> <li>Third Party IT Contracts</li> </ul>

<ul style="list-style-type: none"> <li>• ERP Post Implementation Review (assurance TBC)</li> <li>• Geographical Information System Review (reasonable assurance)</li> <li>• Cyber Essential Plus (assurance TBC)</li> </ul> <p><u>2021/22</u></p> <ul style="list-style-type: none"> <li>• Sales, Fees and Charges Compensation Scheme (N/A)</li> <li>• Investment Strategy (Limited Assurance)</li> <li>• Covid Grant Payments (substantial assurance)</li> <li>• Insurance (reasonable assurance)</li> <li>• ERP Implementation (substantial assurance)</li> <li>• IT Service Management Procurement (reasonable assurance)</li> <li>• IT Asset Management (reasonable assurance)</li> <li>• Brexit &amp; Covid Impact (limited assurance)</li> <li>• Core Transformation (reasonable assurance)</li> <li>• Cloud IT Provider (reasonable assurance)</li> <li>•</li> </ul> <p><u>2020/21</u></p> <ul style="list-style-type: none"> <li>• Pensions Administration (reasonable assurance)</li> <li>• Treasury Management (substantial assurance)</li> <li>• Covid-19 Spend Review (substantial assurance)</li> <li>• Information Security (limited assurance)</li> <li>• ERP System Replacement Procurement (substantial assurance)</li> <li>• Remote Working Security &amp; Resilience (assurance TBC)</li> <li>• Data Privacy (assurance TBC)</li> </ul> <p><u>2019/20</u></p> <ul style="list-style-type: none"> <li>• Budgetary Control and Savings Management (reasonable assurance)</li> <li>• Oracle system (Limited Assurance)</li> <li>• Information Security – initial review (reasonable assurance)</li> </ul> <p><u>2018/19</u></p> <ul style="list-style-type: none"> <li>• IT Risk Diagnostic (N/A)</li> </ul>	<ul style="list-style-type: none"> <li>• Antivirus &amp; Malware</li> <li>• Identity &amp; Access Management</li> <li>• Payment Card Industry Data Security Standard - PCIDSS</li> </ul>
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<ul style="list-style-type: none"> <li>Information Governance – Subject Access Requests (substantial assurance)</li> </ul> <p>Other relevant assurance providers:</p> <ul style="list-style-type: none"> <li>External Audit</li> </ul>	
<b>Law, Governance and Organisational Change</b>	
<p>Previous relevant Internal Audit work:</p> <ul style="list-style-type: none"> <li>Payroll &amp; Expenses (assurance TBC)</li> <li>Enforcement service - bailiff system implementation (assurance TBC)</li> <li>Licencing</li> <li>Trading Standards (substantial assurance)</li> <li>Sickness &amp; Absence Management (assurance TBC)</li> <li>Right to Work in UK - Post Brexit (EU Citizens) (assurance TBC)</li> <li>Electoral Program (reasonable assurance)</li> <li>Mayor's Charity Account (substantial assurance)</li> </ul> <p><u>2021/22</u></p> <ul style="list-style-type: none"> <li>Payroll (reasonable assurance)</li> <li>Mayor's Account (N/A)</li> <li>HR Service Desk System (reasonable assurance)</li> <li>DBS Checks (reasonable assurance)</li> <li>Barking Market (reasonable assurance)</li> <li>Parking Enforcement (reasonable assurance)</li> <li>CCTV Operation (Limited Assurance)</li> <li>Human Resources (Limited Assurance)</li> <li>Mandatory Training (Limited Assurance)</li> <li>Members Expenses &amp; Allowances (N/A)</li> <li>Parking Legislation Review (Limited Assurance)</li> </ul> <p><u>2020/21</u></p> <ul style="list-style-type: none"> <li>Recruitment Governance &amp; Vetting (reasonable assurance)</li> <li>Talent Link System (reasonable assurance)</li> <li>Overtime Payments (Limited Assurance)</li> <li>Parking Permits (reasonable assurance)</li> <li>PCNs (reasonable assurance)</li> </ul>	<ul style="list-style-type: none"> <li>Mayor's Charity Account</li> <li>Gifts &amp; Hospitality - Staff</li> <li>Payroll</li> <li>HR - Working Patterns</li> <li>Onboarding Process</li> <li>Access To Work</li> <li>Settlement Agreements</li> <li>Health &amp; Safety</li> <li>Workforce Governance</li> </ul>



<ul style="list-style-type: none"> <li>• New Parking System (Limited Assurance)</li> </ul> <p><u>2019/20</u></p> <ul style="list-style-type: none"> <li>• HR on and off boarding (reasonable assurance)</li> <li>• Payroll (reasonable assurance)</li> <li>• Emergency Planning and Business Continuity (reasonable assurance)</li> <li>• Right To Buy Sales &amp; Leasing (Limited Assurance)</li> </ul> <p><u>2018/19</u></p> <ul style="list-style-type: none"> <li>• Recruitment (Limited Assurance)</li> <li>• Sickness Absence compliance review (N/A)</li> <li>IR35 compliance (reasonable assurance)</li> <li>• Parking Income Collection (reasonable assurance)</li> <li>• Gifts and Hospitality (reasonable assurance)</li> <li>• Governance (reasonable assurance)</li> <li>• Parking Income Collection (reasonable assurance)</li> </ul> <p>Other relevant assurance providers:</p> <ul style="list-style-type: none"> <li>• External audit</li> <li>• Disability Confident Employer accreditation</li> <li>• Investors in People – Gold</li> <li>• Food Standards Agency.</li> <li>• Health and Safety Executive.</li> </ul>	
<b>Strategy</b>	
<p>Previous relevant Internal Audit work:</p> <p><u>2021/22</u></p> <ul style="list-style-type: none"> <li>• Well Run Organisation (reasonable assurance)</li> </ul> <p><u>2020/21</u></p> <p><u>2019/20</u></p> <ul style="list-style-type: none"> <li>• Key Performance Indicator Monitoring and Reporting (Limited Assurance)</li> <li>• Freedom of Information Requests (Limited Assurance)</li> <li>• Data Transparency (reasonable assurance)</li> </ul>	

<ul style="list-style-type: none"> <li>• Elevate Contract Exit (reasonable assurance)</li> <li>• Management of Heritage Assets (reasonable assurance)</li> </ul> <p><u>2018/19</u></p> <ul style="list-style-type: none"> <li>• Everyone Active Contract Management (reasonable assurance)</li> <li>• Cyber Security (Limited Assurance)</li> <li>• Brexit Impact (N/A)</li> <li>• Museum Accreditation compliance audit (N/A)</li> </ul> <p>Other relevant assurance providers:</p> <ul style="list-style-type: none"> <li>• HSE inspections</li> <li>• SEQOHS accreditation.</li> <li>• Annual inspections under the Visitor Attraction Quality Service accreditation</li> <li>• Heritage Lottery Fund grant funding monitoring</li> <li>• National Accreditation Scheme for Museums and Galleries</li> <li>• Local Studies Centre's Archive Service Accreditation</li> </ul>	
<b>Inclusive Growth</b>	
<p>Previous relevant Internal Audit work:</p> <p><u>2022/23</u></p> <ul style="list-style-type: none"> <li>• Accounts Payable</li> </ul> <p><u>2021/22</u></p> <ul style="list-style-type: none"> <li>• Accounts Payable (reasonable assurance)</li> <li>• Procurement Cards (limited assurance)</li> <li>• BDMS Charging Mechanism (assurance TBC)</li> <li>• Climate Change (N/A)</li> <li>• Customer Relationship System (reasonable assurance)</li> </ul> <p><u>2020/21</u></p> <ul style="list-style-type: none"> <li>• Risk in the Supply Chain (N/A)</li> <li>• Be First Governance (reasonable assurance)</li> <li>• NNDR (reasonable assurance)</li> <li>• Transfer of Properties from BeFirst to Reside (reasonable assurance)</li> </ul> <p><u>2019/20</u></p>	<ul style="list-style-type: none"> <li>• Accounts Payable</li> <li>• Planning &amp; Building Control</li> <li>• ESG</li> <li>• Social Value</li> </ul>

<ul style="list-style-type: none"> <li>• Accounts Payable (reasonable assurance)</li> <li>• Procurement (reasonable assurance)</li> <li>• Procurement Cards (Limited Assurance)</li> <li>• Retrospective Purchase Orders (N/A)</li> </ul>	
<b>My Place</b>	
<p>Previous relevant Internal Audit work:</p> <p><u>2022/23</u></p> <ul style="list-style-type: none"> <li>• Frizlands Workshop: Heavy Vehicle &amp; Drivers Safety Review (assurance TBC)</li> <li>• Passenger Transport - Sen (assurance TBC)</li> <li>• Waste Collections - Trade Waste (reasonable assurance)</li> <li>• Waste Management - Staff Health &amp; Safety (assurance TBC)</li> <li>• Housing Void Management (assurance TBC)</li> <li>• Housing Register &amp; Allocation Review (reasonable assurance)</li> <li>• Be First - Reside - My Place Relationship b/f 21-22 (Limited Assurance)</li> <li>• Leasehold Management - revenue and capital service charges (Limited Assurance)</li> <li>• Right to Buy Valuations (Limited Assurance)</li> <li>• Subletting Leaseholders - full follow-up (assurance TBC)</li> <li>• Housing Rent Setting Review - excluding rent collection (assurance TBC)</li> </ul> <p><u>2021/22</u></p> <ul style="list-style-type: none"> <li>• Accuserv System (limited assurance)</li> <li>• Compliance Health Check (N/A)</li> <li>• Housing Repairs &amp; Maintenance (No Assurance)</li> <li>• Subletting Leaseholders (No Assurance)</li> <li>• Housing Rents (reasonable assurance)</li> </ul> <p><u>2020/21</u></p> <ul style="list-style-type: none"> <li>• Tenant &amp; Leaseholder Act Requirements (Sect 20) (Limited Assurance)</li> <li>• LMS - post implementation review (Limited Assurance)</li> <li>• Tenancy Data (Limited Assurance)</li> <li>• Safety Compliance Review Work (N/A)</li> </ul> <p><u>2019/20</u></p>	<ul style="list-style-type: none"> <li>• Housing Repairs &amp; Maintenance</li> <li>• BDMS</li> <li>• Damp and Mould</li> <li>• Commercial Rents</li> <li>• Land &amp; Building Valuations</li> <li>• Housing Rent Setting &amp; Adjustment - C/F</li> <li>• Fire Safety - Housing Stock</li> <li>• Asset Management</li> </ul>

<ul style="list-style-type: none"> <li>• Voids (Limited Assurance)</li> <li>• Housing System Implementation (N/A)</li> <li>• Stewardship of Council Vehicles (Limited Assurance)</li> <li>• Commercial Waste (reasonable assurance)</li> <li>• Passenger Transport (Limited Assurance)</li> </ul> <p><u>2018/19</u></p> <ul style="list-style-type: none"> <li>• My Place Procurement and Contract Management (Limited Assurance)</li> <li>• Asset Management (Limited Assurance)</li> <li>• Follow-up of Security of Corporate Buildings (rating TBC)</li> <li>• Commercial Waste (N/A)</li> <li>• Parks and Grounds Maintenance follow up and compliance audit (reasonable assurance)</li> <li>• Fleet Management (substantial assurance)</li> </ul> <p>Other relevant assurance providers:</p> <ul style="list-style-type: none"> <li>• Pennington Choices review of Landlord Compliance</li> <li>• Social Housing Regulator opinion</li> <li>• Institute of Cemetery and Crematorium Management – gold standard accreditation 2019</li> <li>• ROSPA Independent Yearly Playground Inspections</li> </ul>	
<b>Community Solutions</b>	
<p>Previous relevant Internal Audit work:</p> <p><u>2022/23</u></p> <ul style="list-style-type: none"> <li>• Accounts Receivable (limited assurance)</li> <li>• Homelessness (reasonable assurance)</li> <li>• Domestic Violence Service (assurance TBC)</li> </ul> <p><u>2021/22</u></p> <ul style="list-style-type: none"> <li>• Accounts Receivable (limited assurance)</li> <li>• Housing Benefits (substantial assurance)</li> <li>• Council Tax (reasonable assurance)</li> </ul> <p><u>2020/21</u></p> <ul style="list-style-type: none"> <li>• Rent Arrears (substantial assurance)</li> <li>• Welfare Reform (substantial assurance)</li> <li>• Early Help (No Assurance)</li> </ul> <p><u>2019/20</u></p>	<ul style="list-style-type: none"> <li>• Accounts Receivable</li> <li>• Cost of Living Crisis</li> <li>• Community Hubs</li> <li>• Council Tax</li> <li>• NNDR</li> <li>• Development of Civil Society</li> </ul>

<ul style="list-style-type: none"> <li>• Private Sector Housing (substantial assurance)</li> <li>• Accounts Receivable (assurance TBC)</li> <li>• Debt Recovery / Write-off (Limited Assurance)</li> </ul> <p><u>2018/19</u></p> <ul style="list-style-type: none"> <li>• Homelessness Reduction Act (reasonable assurance)</li> </ul> <p>Other relevant assurance providers:</p> <ul style="list-style-type: none"> <li>• 2018 London SCB Review of MASH</li> </ul>	
<b>People and Resilience</b>	
<p>Previous relevant Internal Audit work:</p> <p><u>2022/23</u></p> <ul style="list-style-type: none"> <li>• Direct Payments (assurance TBC)</li> <li>• Planning for School Places (substantial assurance)</li> <li>• Adult Care Deferred Payments (assurance TBC)</li> <li>• Supporting Families Programme (substantial assurance)</li> <li>• Special Education Needs &amp; Disability (assurance TBC)</li> <li>• Early Help KPI Monitoring &amp; Reporting (assurance TBC)</li> <li>• LAC Savings Accounts (assurance TBC)</li> </ul> <p><u>2021/22</u></p> <ul style="list-style-type: none"> <li>• Specialist Intervention Service (reasonable assurance)</li> <li>• Financial Assessments (reasonable assurance)</li> <li>• Social Care Charging Policy (reasonable assurance)</li> <li>• Public Health – internally commissioned services (Limited Assurance)</li> <li>• Care Leavers (reasonable assurance)</li> </ul> <p><u>2020/21</u></p> <ul style="list-style-type: none"> <li>• Youth Offending Team (reasonable assurance)</li> <li>• Disability Related Expenditure (reasonable assurance)</li> <li>• Adoptions Service (reasonable assurance)</li> <li>• Addition Resource Provision (reasonable assurance)</li> <li>• Special Guardianship Orders (Limited Assurance)</li> <li>• Education, Health and Care Plans (reasonable assurance)</li> </ul>	<ul style="list-style-type: none"> <li>• Special Educational Needs &amp; Disabilities</li> <li>• TBC</li> </ul>

<ul style="list-style-type: none"> <li>• Homelessness - Southwark Judgement (substantial assurance)</li> </ul> <p><u>2019/20</u></p> <ul style="list-style-type: none"> <li>• Liquidlogic System Implementation (limited assurance)</li> <li>• Social Care Forecasting (assurance TBC)</li> <li>• Public Health Grant (reasonable assurance)</li> <li>• School Audits</li> </ul> <p><u>2018/19</u></p> <ul style="list-style-type: none"> <li>• Direct Payments (limited assurance)</li> <li>• Adoptions (no assurance – improved to reasonable assurance at follow-up)</li> <li>• Risk Assessment of Schools</li> <li>• School Audits</li> </ul> <p>Other relevant assurance providers:</p> <ul style="list-style-type: none"> <li>• Ofsted</li> <li>• Care Quality Commission</li> </ul>	
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#### 4. Internal Audit Plan 2023/24

The audit plan details the draft audit title and draft audit objective or reason for inclusion in the plan.

Audit Title	Days	Focus of Scope
<b>Finance &amp; IT</b>		
Grant Income Review	10	Review of process, control and certification for government grants
Systems Logical Access Review	15	Access controls for key systems
Third Party IT Contracts	15	Contract management and monitoring
Antivirus & Malware	15	Protection of IT systems
Identity & Access Management	15	Issuing and managing digital identities
Pension Administration	15	Service review
General Ledger & Budgetary Control	15	Key Financial System – control design & effectiveness
Value Added Tax	15	Recovery and accounting
Payment Card Industry Data Security Standard - PCIDSS	15	Retained risk
<b>Inclusive Growth</b>		
Accounts Payable	15	Key Financial System – control design & effectiveness

Planning & Building Control	20	Review of statutory responsibilities
Environmental Social Governance	15	Review reporting metrics for relevancy, accuracy, timeliness, and consistency.
Social Value	10	Measuring, evaluating, monitoring and reporting of SV
<b>Law, Governance &amp; Organisational Change</b>		
Mayor's Charity Account	5	Review of expenditure and certification
Gifts & Hospitality - Staff	10	Controls to ensure gifts are appropriately declared and dealt with
Payroll	15	Key Financial System – control design & effectiveness
Onboarding Process	15	Managers' use of system incorporating probation
Workforce Governance	15	Revised ways of working
Access To Work	10	Authorisation, approval and reclaim of costs
Settlement Agreements	15	Governance and approval processes
Health & Safety	15	Review of compliance, monitoring and reporting
HR - Working Patterns	10	Management control over working patterns
<b>Community Solutions</b>		
Accounts Receivable	15	Key Financial System – control design & effectiveness
Cost of Living Crisis	15	Delivery of government schemes
Community Hubs	10	As identified on risk registers
Council Tax	15	Key Financial System – control design & effectiveness
NNDR	15	Key Financial System – control design & effectiveness
Development of Civil Society	15	Review of approach to corporate risk mitigation
<b>My Place</b>		
Housing Repairs & Maintenance	15	No Assurance in previous year
BDMS	15	Operation of relationship with My Place
Damp and Mould	10	Review of responsibilities and actions
Commercial Rents	15	Setting and monitoring of rental income
Land & Building Valuations	15	Controls to ensure accurate and valid valuations
Housing Rent Setting & Adjustment	15	Setting of HRA rents
Fire Safety - Housing Stock	15	Review of responsibilities and actions
Asset Management	20	Discharge of responsibilities to maintain public assets
<b>People and Resilience</b>		
Special Education Needs & Disability	15	Focus on areas of improvement
<b>Schools</b>		
School Audits	50	School probity review of whole business area
School Follow-ups	5	Review of last year's agreed actions
Prior year completion	20	Completion of the 2022/23 audit programme post 31 March 2023.
Prior year annual opinion	5	Drafting of the 2022/23 annual audit opinion.
Annual quality assessment	5	Annual review of Internal Audit against the PSIAS.
Internal audit methodology review	10	Review and update of the Internal Audit methodology, including review of the Internal Audit Manual

Grant claims	10	Drafting the Annual Governance Statement
Proactive assurance support and advice	50	Review and sign-off of grant claims where Internal Audit scrutiny is required / requested.
Corporate Governance	15	Attendance at relevant meetings to provide proactive assurance and advice including Assurance Board and Programme Boards.
Management requests	10	Responding to ad hoc management requests for audit support and advice.
Follow ups	30	Tracking management implementation of agreed action plans for critical and high rated findings; review and validation of evidence provided of implementation.
Audit planning	20	Periodic review and updating of the annual audit plan throughout the year and production of the Internal Audit plan 2024/25.
Committee reporting	5	Quarterly reporting to Assurance Board and Audit & Standards Committee.
External audit engagement and support	15	Engagement with external audit to work collaboratively and delivery of any control assignments identified
Stakeholder engagement	20	Engagement with key stakeholders to understanding of risks, activities and the performance of Internal Audit.
Management time	20	Management time of the audit team and the external provision.
Contingency	65	Contingency for ad hoc activity.
<b>TOTAL DAYS</b>	<b>865</b>	

## 5. Resource requirement and financial implications

The 2023/24 Internal Audit plan is estimated to consist of 865 days, the same as that agreed for 2022/23. Within the 865 days, contingency of 65 days has been included to allow for unplanned Internal Audit work.

The budget for the full plan has been approved by the Strategic Director, Finance and Investment.

## 6. Internal Audit opinion

The annual Internal Audit opinion will be based on and limited to the Internal Audits completed over the year and the control objectives agreed for each individual Internal Audit as set out in each Terms of Reference.

In developing the Internal Audit risk assessment and plan, the requirement to produce an annual Internal Audit opinion has been considered by determining the level of Internal Audit coverage over the audit universe and key risks.

## 7. Changes to the plan

The plan is a live document and therefore audits will be added and removed to the plan where there are significant changes, including changes to activities, risks and assurances. Quarterly updates to Assurance Board and the Audit and Standards Committee throughout the year will include details of changes to the plan.



## Audit and Standards Committee - Work Programme 2023/24

**Chair: Councillor Princess Bright**

<b>Meeting</b>	<b>Agenda Items</b>	<b>Lead Officer</b>	<b>Reports deadline</b>
28 June 2023	Audit Completion Report 2019/2020 BDO External Audit Plan 2021/2022 Annual Governance Statement Information Governance Annual Report	BDO BDO Chris Martin Natalia Monvoisin	5pm, 15 June 2023
4 October 2023	Committee Terms of Reference Review Standards Complaints update Internal Audit 22/23 Q1 Review Counter Fraud 22/23 Q1 Review Counter Fraud Policy Review	Yusuf Olow Paul Feild Chris Martin Chris Martin Chris Martin	5pm, 21 September 2023
22 January 2024	Standards Complaints Update Risk Management Update	Paul Feild Chris Martin	5pm, 10 January 2024
26 March 2024	Standards Complaints update	Paul Feild	5pm, 14 March 2024

### Meeting dates in the 2023-24 Municipal Year;

- 28<sup>th</sup> June 2023
- 4<sup>th</sup> October 2023
- 22<sup>nd</sup> January 2024

- 26<sup>th</sup> March 2024