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Legal and Democratic Services



AUDIT, CRIME & DISORDER AND SCRUTINY COMMITTEE

Tuesday 16 April 2019 at 7.30 pm

Council Chamber - Epsom Town Hall

The members listed below are summoned to attend the Audit, Crime & Disorder and Scrutiny Committee meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Councillor David Reeve (Chairman)
Councillor Steve Bridger (Vice-Chairman)
Councillor Michael Arthur MBE
Councillor Alex Clarke
Councillor Alex Coley

Councillor George Crawford
Councillor Rob Geleit
Councillor Humphrey Reynolds
Councillor Jean Steer MBE
Councillor Mike Teasdale

Yours sincerely

Chief Executive

For further information, please contact Democratic Services, 01372 732122 or democraticservices@epsom-ewell.gov.uk

AGENDA

1. QUESTION TIME

To take any questions from members of the Public.

Please note: Members of the Public are requested to inform the Democratic Services Officer before the meeting begins if they wish to ask a verbal question to the Committee.

2. DECLARATIONS OF INTEREST

Members are asked to declare the existence and nature of any Disclosable Pecuniary Interests in respect of any item of business to be considered at the meeting.

3. MINUTES OF THE PREVIOUS MEETING (Pages 3 - 6)

The Committee is asked to confirm as a true record the Minutes of the Meeting of the Committee held on 7 February 2019 (attached) and to authorise the Chairman to sign them.

4. INTERNAL AUDIT MONITORING REPORT (Pages 7 - 48)

This report summarises progress against the audit plan for 2018/19.

5. DRAFT ANNUAL INTERNAL AUDIT REPORT 2018/2019 (Pages 49 - 64)

This report presents the draft annual internal audit report 2018/2019.

6. INTERNAL AUDIT PLAN 2019/20 (Pages 65 - 92)

This report introduces the Internal Audit Plan and Charter for 2019/20.

7. COMPLIANCE WITH THE SURVEILLANCE CAMERA CODE OF PRACTICE
(Pages 93 - 96)

This report provides a progress update on work to make the Council's street scene CCTV system compliant with the Surveillance Camera Code of Practice.

8. ANNUAL REPORT (Pages 97 - 106)

This report presents the Annual Report of the Audit, Crime & Disorder and Scrutiny Committee for 2018/19 and draft work programme 2019/20.

**Minutes of the Meeting of the AUDIT, CRIME & DISORDER AND SCRUTINY
COMMITTEE held on 7 February 2019**

PRESENT -

Councillor David Reeve (Chairman); Councillor Steve Bridger (Vice-Chairman); Councillors Michael Arthur MBE, Alex Coley, Rob Geleit, Jan Mason (as nominated substitute for Councillor Jean Steer MBE), Humphrey Reynolds, Mike Teasdale and Tella Wormington (as nominated substitute for Councillor George Crawford)

In Attendance: Lorna Raynes (Client Manager) (RSM Risk Assurance (Internal Auditor)) (Items 24-27 only)

Absent: Councillor Alex Clarke, Councillor George Crawford and Councillor Jean Steer MBE

Officers present: Gillian McTaggart (Head of Policy, Performance & Governance), Margaret Jones (Business Assurance Manager) and Tim Richardson (Democratic Services Officer)

24 QUESTION TIME

No questions were asked or had been submitted by members of the public.

25 DECLARATIONS OF INTEREST

No declarations of interest were made by Councillors in items on the agenda for this meeting.

26 MINUTES OF THE PREVIOUS MEETING

The Minutes of the meeting of the Committee held on 22 November 2018 were agreed as a true record and signed by the Chairman.

In agreeing the Minutes, the Committee noted the following matter:

- a) **Minute 22 b).** A report had not yet been presented to the Strategy and Resources Committee regarding development of residential accommodation in South Street.

27 INTERNAL AUDIT MONITORING REPORT

The Committee received a report summarising progress against the audit plan for 2018/19. The following assignments had been finalised by the Auditor and

were detailed within the report: Homelessness; Venues Management; Treasury Management; Project Management (Simply Weekly, Cemetery Extension, Ebbisham Exit); Continuous Assurance Quarter 2; Midland HR iTrent System.

The following matters were considered:

- a) **Continuous Assurance Quarter 2 – Backlog of Tree Inspections.** The Committee noted the update provided within the report, and requested a further update regarding the plan to address the backlog of inspections. It was noted that Officers would provide an update on the matter at the next meeting of the Committee.
- b) **Midland HR IT system governance review – version control/system upgrades.** The Committee noted the management actions recommended by the Auditor's findings and requested an update on version control and upgrades to the system. It was noted that the Head of Policy, Performance and Governance would email Members of the Committee with an update following the meeting.

Following consideration, it was resolved:

- (1) **To receive the latest internal audit progress report for 2018/19.**

28 PROGRESS ON THE IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

The Committee received a report outlining progress made on the implementation of internal audit recommendations. The report detailed that during 2018/19 thirty recommendations had been followed up, and provided an update on the status of each.

The following matter was considered:

- a) **Relocation of ICT server equipment.** The Committee was informed that server equipment had been relocated to the Town Hall following the Council's exit from its previous datacentre arrangements. The Committee was informed that appropriate fire suppression and air conditioning facilities were in place for the equipment.

Following consideration, it was resolved:

- (1) **That the Committee noted progress made on the implementation of outstanding high and medium internal audit recommendations from the 2017/18 audit programme and other outstanding recommendations.**

29 CORPORATE PLAN: PERFORMANCE REPORT TWO 2018 TO 2019

The Committee received a report providing an update on progress made against the Key Priority Targets 2018/19 as at the end of December 2018.

The following matter was considered

- a) **24 South Street.** The Committee noted that targets to present reports to Strategy and Resources Committee regarding the development of residential accommodation and letting of the ground floor for commercial occupation of 24 South Street were listed as Red status. The Committee also noted that the update on these targets did not identify an anticipated timescale for their completion.

Following consideration, it was resolved:

That the Committee:

- (1) **Noted the status of all 66 Key Priority Targets as at the end of December 2018 shown at Annexes 1 and 2.**
- (2) **Considered the latest performance update for those targets assigned amber and red status as at the end of December 2018 set out at Annex 2 and identified the following area of concern:**
 - **Development of residential accommodation and commercial occupation of 24 South Street. The Committee noted that these projects were behind schedule and that the update on them did not detail the future work plan or timescale for their completion.**

30 WORK PROGRAMME 2018/19

The Committee received a report updating it on its work programme 2018/19.

Following consideration, it was resolved:

- (1) **That the Committee noted the current position of its work programme 2018/19 attached at Annex 1 to the report.**

The meeting began at 7.30 pm and ended at 8.27 pm

COUNCILLOR DAVID REEVE (CHAIRMAN)

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INTERNAL AUDIT MONITORING REPORT

Head of Service/Contact:	Gillian McTaggart, Head of Policy, Performance & Governance
Annexes/Appendices (attached):	Annex 1 - Internal Audit Progress Report Annex 2 - Update on Tree Inspections and Cyber Security Audit (Exempt from publication on the grounds that it relates to the business affairs of the Council)
Other available papers (not attached):	Internal Audit Plan 2018/19 Reports and Minutes of meetings of the Audit, Crime & Disorder and Scrutiny Committee: 19 April 2018, 22 November 2018 and 7 February 2019

Report summary

This report summarises progress against the audit plan for 2018/19.

Recommendation (s)

That the Committee:

- (1) **Receives the latest internal audit progress report for 2018/19 attached at Annex 1.**
- (2) **Notes the update regarding the backlog of tree inspections and the update on implementation of the cyber security audit recommendations attached at Annex 2.**

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 None for the purposes of this report.

2 Background

- 2.1 The Committee's Terms of Reference include the requirement to monitor the implementation of recommendations from both the internal and external auditors.
- 2.2 The Internal Audit Plan for 2018/19 was endorsed at the meeting of the Audit, Crime & Disorder and Scrutiny Committee on the 19 April 2018. Progress made against the plan was reported to the Committee in November 2018 and February 2019.

3 Audit Plan 2018/19

- 3.1 Some further progress has been made against the Internal Audit Plan 2018/19 since the last meeting of the Committee. A summary of the latest position is shown in the table below and in RSM's internal audit progress report attached at **Annex 1**. Sixteen audits have been finalised this year to date, including the Cyber Security audit carried forward from 2017/18.
- 3.2 Two additional audits have been included in 2018/19, using some contingency available in the audit plan. The first is Venues Management reported to the February Committee, the second additional audit, Residential Property – Health and Safety Checks, reported to this Committee, looked at whether the Council is meeting its responsibilities as landlord including private sector leased properties.
- 3.3 On 7 February 2019 RSM delivered a one day training course for officers on contract management. This course examined the life cycle of a contract, contract risk, a contract management toolkit and culture. This replaced a normal audit of our contract management arrangements. Over 25 officers attended to improve understanding and contract monitoring skills.
- 3.4 Three audits remain outstanding – IT (Service Catalogue), Continuous Assurance (Quarters 3 and 4) and the Follow Up. These audits will be finalised and reported to the June 2019 Committee. A draft Annual Internal Audit Report for 2018/19 has been included elsewhere on this Agenda; the final report will be reported to the Committee in June 2019.

Assignment	Reported	Opinion	H	M	L
Cyber Security c/f from 2017/18	22 Nov 2018	Advisory	0	10	2
Midland HR iTrent	7 Feb 2019	Advisory	0	3	1
Health & Safety	22 Nov 2018	Partial Assurance	2	2	3

Assignment	Reported	Opinion	H	M	L
Income from s.106 and Community Infrastructure Levy	22 Nov 2018	Reasonable Assurance	0	1	3
Venues Management	7 Feb 2019	Advisory	2	3	0
EEPIC Company Governance	22 Nov 2018	Reasonable	0	4	2
Community Safety	22 Nov 2018	Advisory	0	1	2
Project Management	7 Feb 2019	Simply weekly and Cemetery Extension: Substantial Ebbisham Exit: Partial	1	3	1
Homelessness	7 Feb 2019	Reasonable	0	3	1
Treasury Management	7 Feb 2019	Substantial	0	1	0
Payroll	16 April 2019	Reasonable	0	3	3
IT Audit (Service Catalogue)	In progress				
Corporate Governance (Members)	16 April 2019	Substantial	0	0	2
Risk Management	16 April 2019	Substantial	0	1	0
Continuous Assurance	22 Nov 2018 Quarter 1 Report	Advisory	0	1	0
	7 Feb 2019 Quarter 2 Report	Advisory	0	0	0
	Quarters 3 and 4 In progress				
Follow Up	In progress				
Landlord Responsibilities (health and safety checks)	16 April 2019	Reasonable	1	0	0
Contract Management	One day training delivered 7 February 2019				

- 3.5 At the last meeting, the Committee requested that a further update on the plan to address the backlog of tree inspections highlighted in the Continuous Assurance audits of quarters one and two be brought to this Committee. An update from the Head of Planning is detailed at **Annex 2**.
- 3.6 At the meeting of 22 November 2018, the Committee requested that an update on the implementation of the cyber security audit recommendations be provided to this meeting. As detailed in the presentation to the Committee, completion of the actions of this review are dependent on the completion of migrating to the new infrastructure. The progress on the infrastructure migration and an update on the agreed management actions has been provided by the ICT Manager at **Annex 2**.

4 Financial and Manpower Implications

- 4.1 There are no financial or manpower implications within this report.
- 4.2 **Chief Finance Officer's comments:** None for the purposes of this report.

5 Legal Implications (including implications for matters relating to equality)

- 5.1 None for the purposes of this report.
- 5.2 **Monitoring Officer's comments:** None arising from the contents of the report.

6 Sustainability Policy and Community Safety Implications

- 6.1 None for the purposes of this report.

7 Partnerships

- 7.1 The Council is part of the East Surrey Internal Audit Consortium but this partnership will cease on 31 March 2019 when the Council will enter into a new agreement independently with Southern Internal Audit Partnership.
- 7.2 Those 2018/19 audits yet to be reported to this Committee will be presented to the Committee at its next meeting in June. With the audit plan nearly complete, a draft Internal Audit Annual Report 2018/19 has been included on this Agenda. The final year end assurance report for 2018/19 will be presented in June 2019.
- 7.3 The new contract with Southern Internal Audit Partnership will commence on 1 April 2019. The Internal Audit Strategy for 2019/20 is reported separately to this Committee.

8 Risk Assessment

- 8.1 The internal audit service forms a statutory part of the Council's internal control.

9 Conclusion and Recommendations

- 9.1 The Committee is asked to note the latest internal audit progress report for 2018/19 and the updates on tree inspections and cyber security as requested by the Committee.

Ward(s) Affected: (All Wards);

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EPSOM AND EWELL BOROUGH COUNCIL

Internal Audit Progress Report

Audit, Crime & Disorder and Scrutiny
Committee Meeting

16 April 2019

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To the fullest extent permitted by law, RSM Risk Assurance Services LLP
will accept no responsibility or liability in respect of this report to any other party.

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Management actions for improvements should be assessed by you for their full impact before they are implemented. This report, or our work, should not be taken as a substitute for management’s responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

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RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.

1 INTRODUCTION

The Internal Audit Plan for 2018/19 was approved by the Audit, Crime & Disorder Scrutiny Committee in June 2018. Below provides a summary update on progress against that plan and summarises the results of our work to date.

This table informs of the audit assignments that have been finalised and the impacts of those findings since our last report to the Audit, Crime & Disorder Scrutiny Committee.

The Executive Summary and Key Findings of the assignments below are attached to the end of this progress report.

Assignments	Status	Opinion issued	Actions agreed		
			H	M	L
Payroll (12.18/19)	FINAL	Reasonable Assurance	0	3	3
Residential Property – Health and Safety Checks (13.18/19)	FINAL	Reasonable Assurance	1	0	0
Corporate Governance (Members) (14.18/19)	FINAL	Substantial Assurance	0	0	2
Risk Management (15.18/19)	FINAL	Substantial Assurance	0	1	0

2 LOOKING AHEAD

Assignment area	Timing per approved IA plan 2018/19	Status
IT Audit	January 2019	Confirmed start date 1 April 2019
Continuous Assurance Q3 and Q4	March 2019	Fieldwork in progress
Follow up	Ongoing	Fieldwork in progress

3 OTHER MATTERS

3.1 Changes to the audit plan

As reported to the November meeting of the Audit, Crime & Disorder Scrutiny Committee, there have been some minor changes to timings of reviews since this was agreed in June 2018. This includes combining the Q3 and Q4 continuous assurance reviews in order to fit with management availability. There have also been two additions to the plan. The first is, as previously reported. Venues Management, that was added in at management request in response to a budget overspend in this area in 2017/18. The second is Health and Safety Property Checks which again was a management request, this time in response to some concerns as to whether the correct checks were being completed and retained.

FOR FURTHER INFORMATION CONTACT

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APPENDIX A: INTERNAL AUDIT ASSIGNMENTS COMPLETED TO DATE

The following reports have previously been reported to Audit Committee.

Assignments	Opinion issued	Actions agreed		
		H	M	L
Health & Safety (1.18/19)	Partial Assurance	2	2	3
Income from s106 agreement and implementation of the Community Infrastructure Levy (2.18/19)	Reasonable Assurance	0	1	3
EEPIC Company Governance (3.18/19)	Reasonable Assurance	0	4	2
Community safety (4.18/19)	N/a - Advisory	0	1	2
Homelessness (5.18/19)	Reasonable Assurance	0	3	1
Continuous assurance Q1 (6.18/19)	N/a - Advisory	0	1	0
Venues Management (7.18/19)	N/a - Advisory	2	3	0
Treasury Management (8.18/19)	Substantial Assurance	0	1	0
Project Management (9.18/19)	Simply Weekly and Cemetery Extension – Substantial Assurance Ebbisham Exit – Partial Assurance	1	3	1
Continuous Assurance Q2 (10.18/19)	N/a - Advisory	0	1	0
Midland HR ITrent System (11.18/19)	N/a - Advisory	0	3	1

PAYROLL - EXECUTIVE SUMMARY

1.1 Background

An audit of Payroll was undertaken as part of the Council's approved internal audit plan for 2018/19.

Epsom and Ewell Borough Council entered into a contract with Midland iTrent (MHR) in April 2017 for the provision of an outsourced payroll service, with responsibility for Payroll currently shared between the Council's Payroll and Human Resources teams and MHR.

The Council uses the iTrent system for Payroll and HR purposes, with employee details such as of salaries, changes in contracts, standing data and other relevant documentation stored on iTrent and on the Council's servers.

HR input information for new starters, leavers and amendments as and when they occur and then add this information onto monthly change spreadsheets. These spreadsheets are then sent to MHR each month by a cut-off date, to ensure that any changes to payroll data are updated in time for the next month's effective date.

The Payroll coordinator reviews all changes before sending this information to MHR. The Council also receives monthly payroll reports from MHR, listing the previous and current month's salaries for all employees at the Council. The Payroll coordinator carries out an initial check of this report, with significant variations investigated before a final version of this variation report is run and checked prior to each month's payment run.

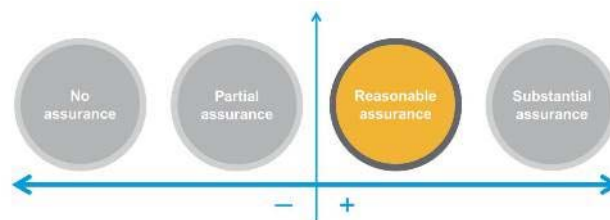
Overpayments identified by the Council are passed onto the Finance team to raise debts accordingly, with the finance team responsible for requesting repayments, in line with the Council's debt recovery process.

The objective of this audit was to evaluate the adequacy of the Council's control framework for the accurate payment of staff, and the extent to which these controls are applied.

1.2 Conclusion

Internal audit opinion:

Taking account of the issues identified, the Council can take reasonable assurance that the controls in place to manage this area are suitably designed and consistently applied. However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified area(s).



1.3 Key findings

The key findings from this review are as follows:

We have raised three 'Medium' and three 'Low' priority management actions relating to the design and application of the control framework. Details of the Low priority actions are outlined in the Detailed Findings section of this report:

- **Payroll Procedural Documentation:**

The Council does not currently have up to date procedural documentation in place to explain the process of payroll, and the roles and responsibilities of individuals since the migration of payroll to MHR. There is a risk that procedural guidance currently in place will not be up to date to reflect the current payroll processes. **(Medium)**

- **Payroll Reconciliations:**

Through discussions with members of the Finance team, it was noted that due to software upgrade issues, Payroll control account reconciliations (PAYE, Net Pay and Pensions) have not been completed and reviewed since September 2018. It was noted that these issues have since been resolved, and that payroll reconciliations are expected to be completed each month going forward. In the absence of reconciliations being completed and reviewed each month, there is a risk that any possible errors or omissions will not be identified and investigated and resolved in a timely manner. **(Medium)**

- **Overpayments:**

The HR and Payroll teams at the Council maintain a spreadsheet of overpayments identified, with four overpayments having been identified since April 2018. Through discussions with the Finance team, it was confirmed that two of these overpayments had since been recovered and repaid in full and in a timely manner, with the remaining two cases currently outstanding. Although it was confirmed that the Council's recovery process had begun for these debts, it was noted that due to staff shortages and finance system issues, the Council's full debt recovery process had not been applied in these cases. In the absence of regular recovery attempts, there is a risk that debts will not be recovered, increasing the risk of debt write-offs. **(Medium)**

Notwithstanding the above, we noted the following examples of well-designed and applied controls:

- For a sample of amendments and changes made to payroll data such as increases in hours worked, salary increases and maternity leave, it was confirmed in each case that these changes had been appropriately authorised, with evidence of this authorisation clearly recorded. It was confirmed through reviewing the dates of these changes on Payroll that these had been made only after being authorised. In each case, the details of the authorised changes matched the changes made to payroll. No exceptions were noted.
- There are various schemes that employees at the Council can sign up to, such as gym memberships and cycle schemes, with deductions made to employee's monthly pay once authorised. Individuals apply to these schemes online, with applications monitored by a member of the HR team through an online workflow. HR receive notifications of applications and confirm that the individual can afford the scheme deductions. Once this has been confirmed, the schemes are authorised, and payroll are alerted. The system workflow ensures that changes to payroll cannot be made prior to HR authorising an application. It was confirmed for a sample of deductions that these had been correctly applied, with the correct deductions made to monthly pay.
- Through our sample testing of new starters, leavers and amendments made to Payroll data, it was confirmed that there is clear segregation of duties in place in the processing of these changes, with responsibilities segregated between HR and Payroll personnel, and with HR having restricted access to the Payroll system.
- For a sample of months, it was confirmed that monthly BACs payment runs and payment to HMRC had been authorised and submitted in a timely manner, in line with the Council's timetable for submission deadlines. It was also confirmed that payments had been authorised by an appropriate person in each case.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Area	Control design not effective*		Non Compliance with controls*		Agreed actions		
	0	(1)	1	(1)	Low	Medium	High
Procedural documentation;	0	(1)	1	(1)	0	1	0
Authorisation of payment run and payments to HMRC;	0	(1)	0	(1)	0	0	0
Authorisation and processing of starters and, leavers and changes made to the payroll standing data;	0	(3)	2	(3)	2	0	0
Appropriate segregation of duties exist for processing payroll information and pay;	0	(1)	0	(1)	0	0	0
Reconciliation between the general ledger and payroll;	0	(1)	1	(1)	0	1	0
Exception reports are in place that monitor significant variances;	0	(1)	1	(1)	1	0	0
Salary overpayments are monitored and are recovered in a timely manner;	0	(1)	1	(1)	0	1	0
Salary deductions have been made accurately and can be traced back to source documentation	0	(1)	0	(1)	0	0	0
Total					3	3	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2 DETAILED FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
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Area: Payroll Procedural Documentation

2.1	The Council has in place various payroll procedural documents, outlining the procedures for processes such as the addition of new starters, the removal of leavers, the processing of changes and amendments made to payroll standing data and also guidelines on the monthly payment run process.	Yes	No	<p>The Council does not currently have up to date procedural documentation in place to explain the process of payroll, and the roles and responsibilities of individuals since the migration of payroll to MHR.</p> <p>There is a risk that procedural guidance currently in place will not be up to date to reflect the current payroll processes followed.</p>	Medium	The Council will ensure a procedural document is in place and up to date to detail the roles and responsibilities and changes in processes relating to payroll since the outsourcing to MHR in April 2017.	01 April 2019	Debbie Childs – Senior HR Advisor
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Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
Area: Exception reports are in place that monitor significant variances								
2.2	BACs payroll payment runs and payments to HMRC are authorised each month following the completion of checks such as exception reporting carried out by the Payroll team. Significant differences arising from these checks are investigated and resolved prior to payment runs being authorised.	Yes	No	<p>We reviewed payroll variance reports for a sample of months and confirmed that in each case, these were produced and reviewed by the Payroll team, showing the current and previous month's pay for each employee at the Council. It was confirmed that variances of over £100 were noted and investigated in each report, with a second, final variation report also produced and reviewed as part of the monthly payroll process.</p> <p>It was noted that these reports are not currently dated and signed to evidence completion of these checks. As these checks are required to be completed prior to monthly payment runs being authorised, there is a risk that without dates, no audit trail can be established to confirm that checks are completed in line with the Council's monthly payroll schedule.</p>	Low	Variance reports will be signed and dated when checks are completed, to provide confirmation that these checks are completed prior to monthly payment runs.	01 April 2019	Jackie Edwards – Payroll Coordinator
Area: Authorisation and processing of starters and, leavers and changes made to the payroll standing data								
2.3	New starters at the Council are required to complete standard new starter forms, detailing the start dates of employees and recording personal	Yes	No	<p>For a sample of ten recent starters at the Council, it was confirmed in each case that employees had been added to payroll at the appropriate time.</p> <p>In two cases, signed contracts were</p>	Low	The Council will ensure that signed contracts are returned and held for all individuals, with a view to receiving these within	01 April 2019	Debbie Clarke – Senior HR Advisor

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
	details. Once a new starter form is completed and authorised, the individual is then set up on Payroll.			<p>not held by the Council for these individuals, and it could not be confirmed if signed contracts had since been received for these employees. It was noted through discussions with members of the HR team that individuals can begin employment before signed contracts have been returned, but that HR would follow up to receive these contracts soon after.</p> <p>In the absence of signed contracts being returned and held by the Council, there is a risk that any disputes that may arise between an employee and the Council cannot be easily resolved.</p>		one month of an individual's start date.		
2.4	Staff leaving the Council are required to complete termination forms, which record details such as an individual's last working day. Individuals are removed from payroll by their last working day, to avoid overpayments.	Yes	No	<p>For a sample of ten recent leavers, it was confirmed in each case that the individuals had been removed from payroll on time, with no overpayments recorded for this sample. It was also confirmed for each individual that a leaver checklist had been completed, with the last working day recorded on these checklists matching the last working day recorded for these individuals on the Council's HR system.</p> <p>It was noted that leaver checklists are not currently dated when completed. As some checks are</p>	Low	<p>The Council will ensure that leaver checklists are dated upon completion and signed to confirm when checks have been completed.</p> <p>Where certain checks are to be completed prior to an individual's last working day, these will be separately dated to ensure there is a record of timely completion.</p>	01 April 2019	Debbie Childs – Senior HR Advisor

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				<p>required to be completed prior to an individual's last working day, in the absence of dates to evidence completion, it is not possible to establish an audit trail to confirm that these checks are completed prior to an individual's last working day.</p> <p>There is a risk that some checks required to be completed by an individual's last working day, such as removing an individual's access to Council premises and IT services will not be completed prior to an individual's last working day.</p>				
Area: Salary overpayments are monitored and are recovered in a timely manner								
2.5	An overpayments recovery spreadsheet is maintained by the HR department, with details of overpayments identified in the current financial year including the reasons for the overpayments and the status of recovery such as the recovery actions taken for these overpayments. The Finance team at the Council are responsible for raising a debt for overpayments and for	Yes	No	<p>The HR and Payroll teams at the Council maintain a spreadsheet of overpayments identified, with details of the reasons noted for each overpayment. Four overpayments were recorded as having been identified since April 2018 at the time of testing. Through discussions with the Finance team, it was confirmed that two of these overpayments had since been recovered and repaid in full and in a timely manner, with the remaining two cases currently outstanding. The months and amounts of these two outstanding overpayments are:</p> <p>June 2018 - £2,568.68 October 2018 - £151</p>	Medium	The Council will ensure that the full debt recovery process in place at the Council will be followed and applied in the recovery of overpayments, with regular attempts made to recover these debts.	01 April 2019	Linda Sanz-Monteys – Exchequer Team Supervisor

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
	following the Council's debt recovery process.			<p>Although it was confirmed that the Council's recovery process had begun for these two outstanding debts, it was noted that due to staff shortages and finance system issues, the Council's full debt recovery process had not been applied in these cases.</p> <p>In the absence of regular recovery attempts, there is a risk that debts will not be recovered, increasing the risk of debt write-offs.</p>				
Area: Reconciliation between the general ledger and payroll								
26	Payroll Control Account reconciliations (PAYE, Net Pay and Pensions) are completed and reviewed each month by the Finance team, with variations investigated as part of this review.	Yes	No	<p>Through discussions with members of the Finance team, it was noted that due to software upgrade issues, Payroll control account reconciliations (PAYE, Net Pay and Pensions) have not been completed and reviewed since September 2018.</p> <p>It was noted that these issues have since been resolved, and that payroll reconciliations are expected to be completed each month going forward.</p> <p>In the absence of reconciliations being completed and reviewed each month, there is a risk that any possible errors or omissions will not</p>	Medium	The Finance team will ensure that Payroll control account reconciliations are completed and reviewed each month.	01 April 2019	Tony Wainwright - Accountant

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				be identified and investigated and resolved in a timely manner.				

RESIDENTIAL PROPERTY – HEALTH AND SAFETY CHECKS - EXECUTIVE SUMMARY

1.1 Background

The Council either owns or leases a number of residential properties that are either used by staff in respect of parks and open spaces or are let to social housing tenants in need. As part of this audit we were informed that this consisted of 5 staff properties and 4 owned properties for temporary accommodation.

In addition, there are a number of short term lease agreements with Local Landlords for properties secured through the Private Sector Leasing Scheme, which also provide Temporary Accommodation for people in need.

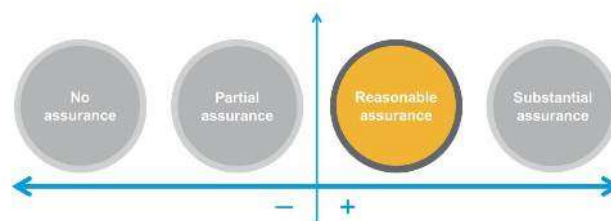
This audit sought to examine those controls that provide assurance that evidence is routinely maintained to ensure that the Council's health and safety and liability risk exposure in respect of these properties is minimised.

1.2 Conclusion

Evidence of safety maintenance controls is satisfactorily evidenced for Housing properties providing temporary accommodation. Actions have been agreed with officers to improve evidence of controls in respect of residential properties used by Council staff.

Internal audit opinion:

Taking account of the issues identified, the Council can take reasonable assurance that the controls in place to manage this risk are suitably designed and consistently applied. However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).



1.3 Key findings

The key findings from this review are as follows:

We have raised one **'High'** priority action in relation to:

The Estates Surveyor commented that for the Council's domestic staff properties, no safety electrical inspection certificates or checks to verify sensors exist in the properties for fire / carbon monoxide were in place. (Medium, 2.1)

Notwithstanding the above we noted the following examples of well designed controls operating in practice:

In respect of properties either owned or secured through the PSL (Private Sector Leasing) scheme for the purposes of providing Temporary Housing Accommodation for people in need, the Housing Team maintains a monitoring spreadsheet that lists all safety controls/ certificates that have been obtained together with a trigger renewal date for monitoring purposes going forward.

We confirmed that in respect of Housing properties either directly owned by EEBC or secured through the PSL initiative that the monitoring spreadsheet was up to date and recorded safety information in respect of:

- 1) Annual Gas Safety Certificate
- 2) Domestic Electrical Safety Inspection Certificate (NICEIC) – 5 or 10 yearly
- 3) Asbestos Survey Findings
- 4) Energy Performance Certificate
- 5) Building Insurance Certificate (Annual) – provided by Landlord

In addition, the Housing Team also maintains a record checklist of quarterly visits to the properties which includes a check on fire alarms. All source documentation relating to properties is held in a property file and safely archived. We verified that future trigger dates were scheduled for all Temporary Accommodation properties. In addition, we verified to source documentation the following for two of these properties (14 sample): Annual Gas Safety Certificate / Domestic Electricity Check / Asbestos Survey / Landlord Building Insurance.

The Property and Regeneration Team administer and manage safety controls relating to the remaining five Staff properties. In respect of these properties we confirmed that an up to date annual gas certificate was held.

Staff properties being part of the general council portfolio are insured by the council under its block policy administered through Surrey County Council.

We note that accident registers are maintained by the Council for operational properties but not the residential properties covered by this audit as we were informed that this is not a legal requirement.

2 DETAILED FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
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Area: .Evidence must be routinely maintained to ensure that the Council's health and safety and liability risk exposure is minimised

2.1	The Property and Regeneration Team administer and manage safety controls relating to the five Staff properties.	Yes	No	In respect of safety checks that would be appropriate for the Council's domestic staff properties the Estates Surveyor commented that appropriate asbestos surveys for the properties were held, but no domestic safety electrical inspection certificates or checks to verify sensors exist in the properties for fire / carbon monoxide. There is therefore a risk that the Council's health and safety and liability risk exposure is not currently minimised.	High	a) In respect of residential staff properties, officers will ensure that domestic safety electrical inspections are actioned and that checks are undertaken to verify sensors exist in the properties for fire / carbon monoxide detection purposes. b) Going forward a monitoring spreadsheet that lists all safety	30 June 2019	P Groen / T Foxwell
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Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
						controls/certificates that have been obtained together with a trigger renewal date for monitoring purposes will be maintained for domestic staff properties.		

CORPORATE GOVERNANCE (MEMBERS) - EXECUTIVE SUMMARY

1.1 Background

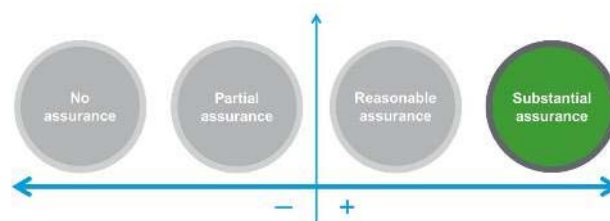
Governance relates to those leadership systems and structures that together determine and control the way in which the Council manages its business, formulates its strategies and objectives and sets about delivering its services to the Public. Members must behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated.

The Council has approved a code of conduct for Members as a way of ensuring the business of the Council is undertaken in a professional manner and this code clarifies and reinforces the ethical standards in local government. It defines a set of practical guidelines and clearly sets out councillors' responsibilities as representatives of the residents of Epsom and Ewell. It also requires that appropriate interests in jobs, property and businesses are declared. This audit examined evidence that these controls are clearly prescribed and complied with.

1.2 Conclusion

Internal audit opinion:

Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the organisation relies to manage the identified area(s) are suitably designed, consistently applied and operating effectively.



1.3 Key findings

There are no High or Medium level actions arising from this review. There are two low level actions which are detailed in Section 2 of this report.

The key findings from this review are as follows:

The Council has determined a code of conduct for councillors that is based on and is consistent with the principles of public life set out in Section 28 Localism Act 2011: It defines a series of practical guidelines and clearly sets out a councillor's responsibilities as a representative of the residents of Epsom and Ewell.

In order to demonstrate complete transparency in their duties and decisions Councillors, as part of the process of taking public office, are required to disclose their pecuniary interests. We satisfactorily verified for a sample of Councillors that signed pecuniary disclosures of interest were completed and were publicly available on the Council's website.

Part 6 of the Council's constitution clearly prescribes the controls regarding members expenses / subsistence. At the time of our audit the accounting ledger recorded the total value of expense payments as £1031.32 (2018/19). We sampled three of the highest claims, that accounted for 89% of this expenditure. All three were in respect of attendance at an LGA conference in Birmingham and all three were satisfactorily approved and authorised by the Committee Services Manager.

We satisfactorily confirmed that a register of Gifts and Hospitality is maintained and safely archived. We verified that complete entries are made in the register and examined evidence that members are routinely reminded of the requirement to declare such items.

The Council has chosen to appoint a Standards Committee in accordance with the Section 28(6) and (7) of the Localism Act 2011. The Standards Committee's terms of reference and functions are clearly set out in the Council's constitution and this committee can appoint an independent person to advise it when matters of conduct arise. We satisfactorily confirmed with officers that there has been one case of Councillor misconduct investigated and reported to the Standards Hearing Sub-Committee in 2018/19. The case was investigated by an independent person in accordance with procedure and clear actions were determined and agreed to improve conduct going forward. The report of the committee is publicly available on the Council's website

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Area	Control design not effective*		Non Compliance with controls*		Agreed actions		
	0	(1)	1	(1)	Low	Medium	High
A Members Code of Conduct is satisfactorily prescribed and communicated to Councillors;	0	(1)	1	(1)	1	0	0
Members have up to date Declarations of Interest publicly available on the Council's website;	0	(1)	1	(1)	1	0	0
Travel expenses and subsistence are only paid to members in accordance with the terms laid out in the Council's constitution	0	(1)	0	(1)	0	0	0
A member's hospitality register is maintained	0	(1)	0	(1)	0	0	0
A standards committee receives updates regarding the outcomes of any investigations into Members conduct.	0	(1)	0	(1)	0	0	0
Total					2	0	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2 DETAILED FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Page 35	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
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Area: . A Members Code of Conduct is satisfactorily prescribed and communicated to Councillors

2.1	A members' code of conduct is prescribed within Section 5 of the Councils Constitution. It is also publicly available on the Council's Website.	Yes	Yes (scope to improve)	The Code of Conduct for Councillors is based on and is consistent with the principles of public life set out in Section 28 Localism Act 2011: It defines a set of practical guidelines and clearly sets out the councillor's responsibilities. We note that historically when taking office Councillors were required to 'sign up' to the code in their declaration of accepting office. However, the Localism Act (2011) no longer prescribed a statutory power to insist upon such a requirement and in the elections of	Low	Going forward a consistent approach in the wording of members acceptance of office will be prescribed.	31 May 2019	F Cotter
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Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				2015 the signed declaration of accepting office deleted this previously required affirmation. Since this time we noted two instances where by-elections occurred in 2018 and the statement of accepting the code had been reintroduced to the declaration of accepting office and in this respect there is some inconsistency in approach.				

Area: . Members have up to date Declarations of Interest publicly available on the Council's website

Page 36	2	As part of the process of taking public office, councillors are required to disclose their pecuniary interests in order to demonstrate complete transparency in their duties and decisions. (This includes the pecuniary interest of somebody with whom the Member is living with as a husband or wife, or civil partner).	Yes	No	We satisfactorily verified for our sample that signed pecuniary disclosures of interest were completed and were publicly available on the the Council's website. We noted for two of our sample that a number of the prompted questions were left blank by the members completing the disclosure form. In order to demonstrate complete transparency a positive affirmation of 'None' or 'Not applicable (N/A)' would provide a clearer response.	Low	Members will be reminded during the induction process that all sections of the Declaration of Interests Form must be completed and that if parts of the form are not applicable to their circumstances a positive 'None' or N/A must be entered in the relevant response.	31 May 2019	F Cotter
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RISK MANAGEMENT - EXECUTIVE SUMMARY

1.1 Background

An audit of the Council's risk management arrangements was undertaken as part of the approved internal audit plan for 2018/19.

The establishment of risk management is a critical success factor in all organisations if they are to achieve their objectives. Effective risk management aids continuous improvement and, as far as possible, safeguards against loss or failure. The management of risk is central to good corporate governance to ensure that direction and control is established and maintained.

This audit sought to provide assurance that risk management processes have been satisfactorily prescribed and complied with during 2018/19. Risk management is co-ordinated by the Head of Policy, Performance & Corporate Governance, who ensures that risk registers are routinely presented to and discussed by the Leadership Team.

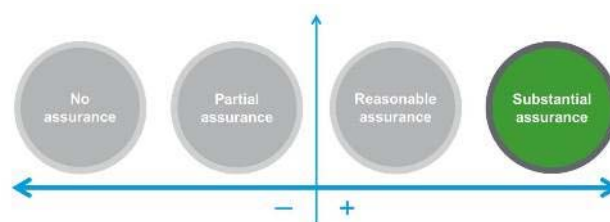
The Council maintains a Leadership Risk Register, Service Risk Register and all key corporate projects are identified, monitored and risk assessed by the Leadership Team and the detailed risks are controlled through the project management framework.

Risks are assessed against a prescriptive matrix which gives guidance re financial, reputational, service delivery, health and safety exposure and also impact and likelihood.

1.2 Conclusion

Internal audit opinion:

Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the organisation relies to manage the identified area(s) are suitably designed, consistently applied and operating effectively.



1.3 Key findings

The key findings from this review are as follows:

We satisfactorily confirmed that key risks are evidenced and routinely considered by senior officers within the Council and members are annually updated regarding the risk management strategy and any changes to the strategic risk profile.

Individual divisional service area governance statements are required from each Head of Service. These statements require the Head of service to sign a statement declaring that services have been delivered in accordance with legislation, local financial regulations, standing orders and that efficient and effective processes are in place. In particular, control weakness and risks which impact on service delivery are listed in this statement together with actions intended to mitigate their outcome. We satisfactorily verified a sample of signed divisional statements of assurance for 2018/19. These statements clearly set out the responsibilities and accountability for service delivery and the reporting of control weaknesses and known risks from individual heads of service.

This process integrates risk management with corporate governance and provides a clear method for embedding risk management within the organisation and capturing 'service level' risks. These service risks are then monitored throughout the year. The Service Register is currently recording a total of 65 risks of which 4 were identified as 'high' risk. Those risks that have been escalated to the Leadership Team Register are clearly flagged.

We confirmed that the Leadership Team consider and update the Leadership Risk Register together with reviewing the service level risk record. In this respect a report highlighting the changes and updates to both registers is made by the Head of Policy, Performance & Governance and was last reported and discussed in October 2018.

The Risk Management Strategy is reviewed and updated through the Audit, Crime & Disorder and Scrutiny Committee. The strategy sets out the processes, responsibilities and reporting structures for managing risk and provides a summary of the key leadership risks. We confirmed that the last review occurred on 15th November 2016 when a strategy for 2017-2021 was approved. This committee also receives an annual update on risk management and the strategic risk profile. This last occurred in November 2018.

We note that the risk management strategy prescribed supporting risk management responsibilities for the Officer Corporate Governance Group. In particular, to identify and address cross cutting risks and to identify and escalate common themes to the Leadership Team and make recommendations or changes to corporate risk arrangements and strategic risk. We have been informed that the Corporate Governance Group no longer meets. As part of a Governance and staff reorganisation a number of other management Boards have been set up beneath the Leadership Team and in most respects, these have replaced this Group. In addition, the Leadership Team is playing a more proactive role in reviewing and monitoring the risk registers. Officers recognise however that there is merit in either reinstating the Corporate Governance Group or specifically prescribing in the terms of reference of another management Board the responsibility for challenging, moderating and leading on organisational risk management. In this respect a management action has been raised in section 2 below. **(Medium)**

We note since our last review of risk management that there is now an 'assurance rating' in place on the Leadership Risk Register. This provides an assessment of the strength of the controls in place to provide assurance that the controls defined in the register are adequate and effective. In this respect a scoring of one (low) to five (high) is recorded. In addition, we note that both registers also now record the inherent and residual (after controls are taken in to account) risk assessment. Both of these developments add value to the risk management process.

We confirmed that the Project Management Toolkit has a prescribed template to record Risks, Actions, Issues, Dependencies and the Decisions. We have seen examples of this in practice and our Project Management report earlier in the year commented further on risk management within a sample of projects reviewed. One of the management actions arising from that review was for further training to ensure that the toolkit controls are fully understood by staff.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Area	Control design not effective*		Non Compliance with controls*		Agreed actions		
	Low	Medium	High	Low	Medium	High	
There is an up to date risk management policy / process that is communicated to staff / officers;	0	(1)	0	(1)	0	0	0
There is adherence to the risk management 'register' process at a strategic and operational level	0	(2)	0	(2)	0	0	0
Risk reporting is sufficient and timely to the management team and members;	0	(2)	1	(2)	0	1	0
Processes are in place to provide assurance on the effectiveness of controls	0	(1)	0	(1)	0	0	0
Any outstanding recommendations from previous reviews have been implemented	0	(1)	0	(1)	0	0	0
Total	0	1	0	0	0	1	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2 DETAILED FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
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Area: Risk Reporting to Leadership Team and Members is timely and sufficient

2.1	<p>The risk management strategy prescribed the following responsibilities for the Corporate Governance Group. To:</p> <ul style="list-style-type: none"> Identify and address cross cutting risks, including key project risks. Identify and escalate common themes to the Leadership Team and make recommendations or 	Yes	No	<p>We have been informed that the Corporate Governance Group no longer meets. As part of a Governance and staff reorganisation a number of other management Boards have been set up beneath the Leadership Team and in most respects, these have replaced this Group. Officers recognise however that there is merit in either reinstating the Corporate Governance Group or specifically prescribing in the terms of reference of another management Board the responsibility for challenging,</p>	Medium	<p>Officers will consider further the previous remit and responsibilities of the Corporate Governance Group and which management board in future will deliver the lead challenge and, moderation for organisational risk management going forward.</p>	Sept 2019	G Mctaggart
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Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
	<p>changes to corporate risk arrangements and strategic risk.</p> <ul style="list-style-type: none"> Communicate risk management information to ensure it is understood. 			moderating and leading on organisational risk management.				

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DRAFT ANNUAL INTERNAL AUDIT REPORT 2018/2019

Head of Service/Contact:	Gillian McTaggart, Head of Policy, Performance & Governance
Annexes/Appendices (attached):	Annex 1- Draft Annual Internal Audit Report 2018/2019
Other available papers (not attached):	Internal Audit Plan 2018/19

Report summary

This report presents the draft annual internal audit report 2018/2019.

Recommendation (s)

- (1) The Committee is asked to receive the draft Annual Internal Audit Report for the year ended 31 March 2019 (Annex 1).**

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 None for the purposes of this report.

2 Background

- 2.1 Internal audit services during 2018/19 have been provided by RSM. In accordance with the Public Sector Internal Audit Standards, the Head of Internal Audit is required to provide an annual opinion based upon, and limited to, the work performed on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. This opinion contributes to the Council's Annual Governance Statement.

- 2.2 Normal practice to date has been to present the Committee with the Internal Auditor's Annual Report, which includes the Head of Internal Audit's opinion, at the June Committee meeting once all audits are completed and finalised. However, on 1 April 2019 the Council will enter into the new internal audit arrangements with Southern Internal Audit Partnership. To facilitate a smooth transition between 2018/19 and 2019/20, RSM has prepared a draft Annual Internal Audit Report 2018/2019 (**Annex 1**) for the Committee.
- 2.3 In addition to the above, the Accounts and Audit (England) Regulations 2015 require the effectiveness of the Council's system of internal control to be reviewed annually and for this Committee to consider the findings. The Chief Finance Officer's assessment of the effectiveness of the Council's system of internal control will be presented to the Committee in June 2019 together with the final Annual Internal Audit Report 2018/2019.

3 Head of Internal Audit Opinion

- 3.1 The draft Annual Internal Audit Report is based on the audits completed in 2018/19 to date. All audits planned for the year apart from three have been undertaken. The outstanding audits comprise IT Audit (Service Catalogue), Continuous Assurance (covering quarters 3 and 4) and Follow Up.
- 3.2 Two additional audits to the agreed plan have been undertaken during 2018/19, Venues Management and Landlord Responsibilities (health & safety checks).
- 3.3 The Head of Internal Audit opinion is set out in the report attached at **Annex 1 (paragraph 1.1)**. It states that:
- “The organisation has an adequate and effective framework for risk management, governance and internal control.
- However our work has identified some further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.”
- 3.4 All audits are expected to be finalised no later than 30 April and RSM, will update the annual report to reflect the final work completed and reports finalised. Dependent upon the assurance level of the outstanding audits the opinion could potentially be altered although it is anticipated that it will remain as above. This final report will be presented to the Committee in June 2019 however RSM will only attend if the opinion is altered.

4 Proposals

- 4.1 It is proposed that the Committee receives the draft Annual Internal Audit Report 2018/2019.

5 Financial and Manpower Implications

- 5.1 The audit plan was delivered within the budget agreed.
- 5.2 **Chief Finance Officer's comments:** None for the purposes of this report.

6 Legal Implications (including implications for matters relating to equality)

- 6.1 Legal requirements relating to audit are set out in the Accounts and Audit Regulations 2015. Public Sector Internal Audit Standards also apply.
- 6.2 **Monitoring Officer's comments:** None arising from the contents of this report. However, it is important to implement any enhancements referred to promptly.

7 Sustainability Policy and Community Safety Implications

- 7.1 None for the purposes of this report.

8 Partnerships

- 8.1 From April 2005 until 31 March 2019, the Council has received internal audit services from RSM (formerly Baker Tilly) as part of the East Surrey Internal Audit Consortium, which includes Mole Valley, Tandridge and Waverley District Councils, Reigate and Banstead Borough Council and the Office of the Surrey Police & Crime Commissioner. The East Surrey Consortium will end on 31 March 2019.
- 8.2 From 1 April 2019 internal audit services will be provided to the Council by Southern Internal Audit Partnership for a period of four years.

9 Risk Assessment

- 9.1 An effective audit service forms a critical part of the Council's risk management arrangements.

10 Conclusion and Recommendations

- 10.1 The Committee is asked to receive the draft Annual Internal Audit Report 2018/2019 which includes the provisional Head of Internal Audit's Opinion (**Annex 1**).

Ward(s) Affected: (All Wards);

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EPSOM AND EWELL BOROUGH COUNCIL

DRAFT Annual internal audit report 2018/2019

April 2019

This report is solely for the use of the persons to whom it is addressed.
To the fullest extent permitted by law, RSM Risk Assurance Services LLP
will accept no responsibility or liability in respect of this report to any other party.

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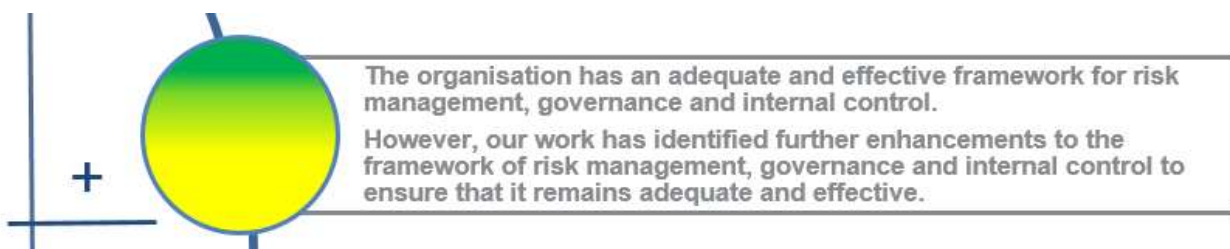
1 THE HEAD OF INTERNAL AUDIT OPINION

In accordance with Public Sector Internal Audit Standards, the head of internal audit is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. The opinion should contribute to the organisation's annual governance statement.

1.1 The opinion

For the 12 months ended 31 March 2019, the head of internal audit opinion for Epsom and Ewell Borough Council is as follows:

Head of internal audit opinion 2018/19



We will update this report for any further work completed and reports finalised and if necessary will update this opinion accordingly.

Please see appendix A for the full range of annual opinions available to us in preparing this report and opinion.

1.2 Scope and limitations of our work

The formation of our opinion is achieved through a risk-based plan of work, agreed with management and approved by the audit committee, our opinion is subject to inherent limitations, as detailed below:

- the opinion does not imply that internal audit has reviewed all risks and assurances relating to the organisation;
- the opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation-led assurance framework. As such, the assurance framework is one component that the board takes into account in making its annual governance statement (AGS);
- the opinion is based on the findings and conclusions from the work undertaken, the scope of which has been agreed with management;
- the opinion is based on the testing we have undertaken, which was limited to the area being audited, as detailed in the agreed audit scope;

- where strong levels of control have been identified, there are still instances where these may not always be effective. This may be due to human error, incorrect management judgement, management override, controls being by-passed or a reduction in compliance;
- due to the limited scope of our audits, there may be weaknesses in the control system which we are not aware of, or which were not brought to attention; and
- it remains management's responsibility to develop and maintain a sound system of risk management, internal control and governance, and for the prevention and detection of material errors, loss or fraud. The work of internal audit should not be seen as a substitute for management responsibility around the design and effective operation of these systems.

1.3 Factors and findings which have informed our opinion

Based on the work undertaken up until 31 March 2019, there is generally a sound system of internal control, designed to meet the Borough Council's objectives, and controls are generally being applied consistently. We have provided either a substantial or reasonable level of assurance in the majority of areas reviewed.

As noted above, the Council can take reasonable or substantial assurance for the following areas reviewed in the period:

- Treasury Management (Substantial)
- Corporate Governance (Members) (Substantial)
- Risk Management (Substantial)
- Project Management – Simply Weekly and Cemetery Extension (Substantial)
- EEPIC Company Governance (Reasonable)
- Homelessness (Reasonable)
- Income from S106 Agreements and Implementation of Community Infrastructure Levy (Reasonable)
- Payroll (Reasonable)
- Residential Property – Health and Safety Checks (Reasonable)

However, for the following two areas the Council can only take 'partial assurance':

Health and Safety:

We found there were weaknesses around the consistent use of accident/incident reporting forms by employees at the Council. In addition, we found weaknesses around the monitoring framework for the annual Risk Assessment reviews and for reviewing the implementation of the actions resulting from the fire risk assessments undertaken by the Council. We raised two high, two medium and three low priority actions during this review, details of which can be found in the full reports.

Project Management – Ebbisham Exit:

Officers interviewed (Borough Solicitor / Head of Property) as part of this review have highlighted that there were flaws in the initial business case and that this exercise was not treated as a project in the formal sense of the term but was rather seen as a conveyancing and legal process. Additionally,

further legal complications arose in establishing the sub-agreements in place with the users of the Ebbisham Centre which would transfer to the new Lessor. as the Council's Solicitor found differing types of agreement were in place. Either a licence, a hire agreement or lease arrangement. In addition, some of these could not be located or were out of date. Further delay occurred as correct agreements were required going forward.

We raised one high and one low priority actions during the review of this project, details of which can be found in the full reports.

We have additionally completed four advisory reviews. These related to Community Safety, Continuous Assurance Q1 and Q2, Midland HR iTrent System IT Review and Venues Management.

We also have a number of reviews yet to complete. These are:

- Continuous Assurance (Q3 and Q4)
- ICT Service Catalogue Review
- Follow up

A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

1.4 Topics judged relevant for consideration as part of the annual governance statement

There are no areas that we are aware of through our work or from wider sector knowledge that have impacted your AGS.

2 THE BASIS OF OUR INTERNAL AUDIT OPINION

As well as those headlines discussed at paragraph 1.3, the following areas have helped to inform our opinion. A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

2.1 Acceptance of internal audit management actions

Management have agreed actions to address all of the findings reported by the internal audit service during 2018/2019.

2.2 Implementation of internal audit management actions

Where actions have been agreed by management, these have been monitored by management through the action tracking process in place using the 4action system. During the year progress has been reported to the audit committee, with the validation of the action status confirmed by internal audit on rolling basis.

Our follow up of the actions agreed to address previous years' internal audit findings as at November 2018 shows that the organisation had made adequate progress in implementing the agreed actions. At this time we found of the 16 actions that were due to have been implemented five were fully implemented, one was no longer relevant and 13 were in progress. A further ten actions were not due for implementation.

2.3 Working with other assurance providers

In forming our opinion we have not placed any direct reliance on other assurance providers.

3 OUR PERFORMANCE

3.1 Wider value adding delivery

In the last year we have:

- highlighted actions for management throughout our audit reports based on our knowledge and experience in the local government sector to provide areas for consideration;
- provided a training session/workshop on contract management;
- provided regular contact and ad-hoc telephone calls and responded to queries from senior staff throughout the year.

3.2 Conflicts of interest

RSM has not undertaken any work or activity during 2018/2019 that would lead us to declare any conflict of interest.

3.3 Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS).

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2016 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

The external review concluded that “there is a robust approach to the annual and assignment planning processes and the documentation reviewed was thorough in both terms of reports provided to audit committee and the supporting working papers.” RSM was found to have an excellent level of conformance with the IIA’s professional standards.

The risk assurance service line has in place a quality assurance and improvement programme to ensure continuous improvement of our internal audit services. Resulting from the programme, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

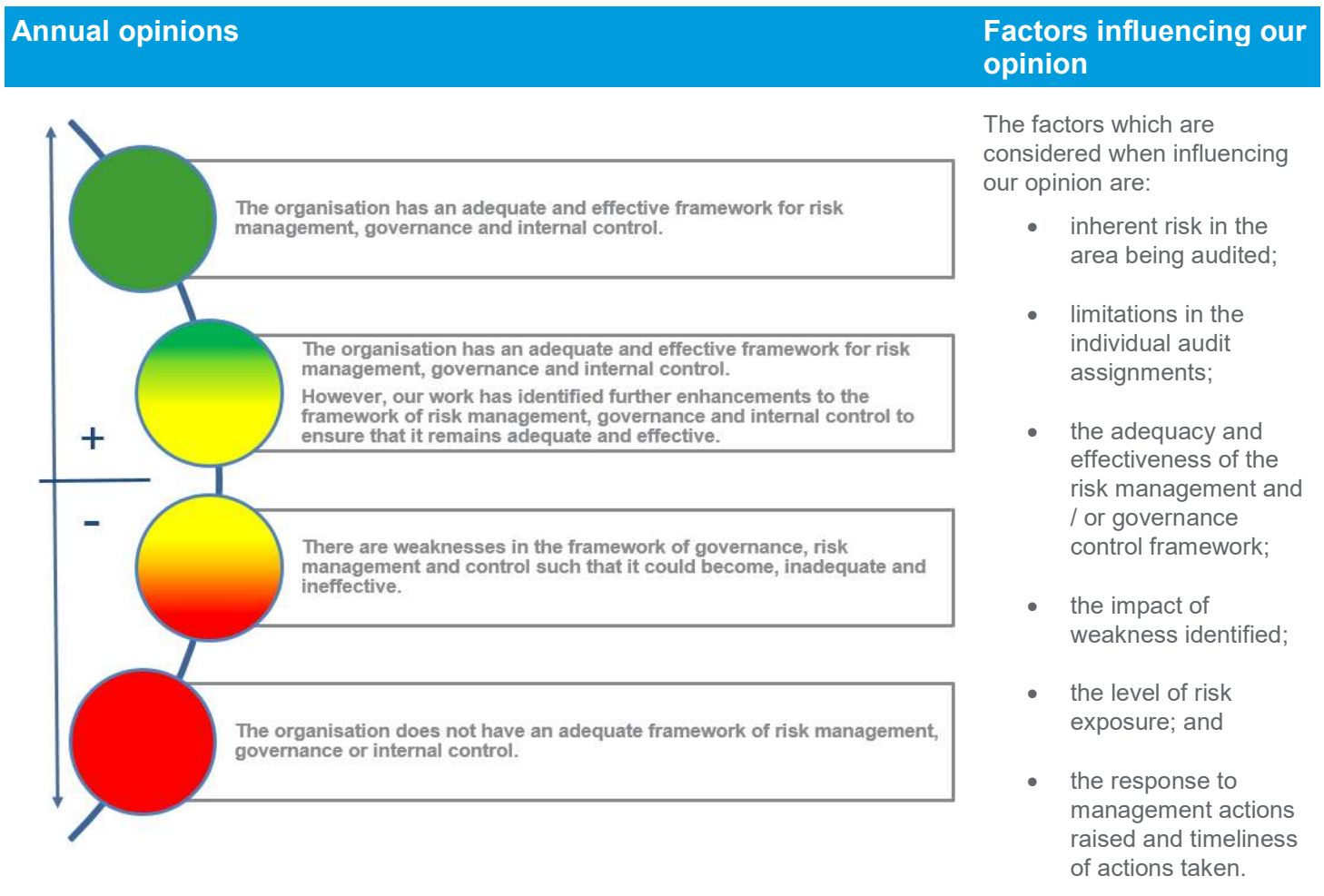
3.4 Quality assurance and continual improvement

To ensure that RSM remains compliant with the PSIAS framework we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews are used to inform the training needs of our audit teams.

This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.

APPENDIX A: ANNUAL OPINIONS

The following shows the full range of opinions available to us within our internal audit methodology to provide you with context regarding your annual internal audit opinion.



APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2018/2019

Assignment	Executive lead	Assurance level	Actions agreed		
			H	M	L
Community Safety	Rod Brown - Head of Housing and Community Oliver Nelson - Environmental Health Officer	Advisory	0	1	2
Continuous Assurance - Quarter One	Gillian McTaggart - Head of Corporate Governance	Advisory	0	1	0
Continuous Assurance - Quarter Two	Gillian McTaggart - Head of Corporate Governance	Advisory	0	1	0
EEPIC Company Governance	Gillian McTaggart - Head of Corporate Governance Mark Shephard - Head of Property and Regeneration	Reasonable	0	4	2
Health and Safety	Gillian McTaggart - Head of Corporate Governance	Partial	2	2	3
Homelessness	Rod Brown - Head of Housing and Community Annette Snell - Housing Operations Manager	Reasonable	0	3	1
Income from S106 Agreement And Implementation of the Community Infrastructure Levy	Gillian McTaggart - Head of Corporate Governance	Reasonable	0	1	3
Midland HR iTrent System IT Governance Review	Shona Mason - Head of HR & Organisational Development	Advisory	0	3	1
Project Management	Gillian McTaggart – Head of Corporate Governance	Simply Weekly- Substantial Cemetry Extension- Substantial Ebbisham Exit- Partial	1	3	1
Treasury Management	Brendan Bradley - Chief Accountant	Substantial	0	1	0
Venues Management	Lee Duffy - Chief Financial Officer	Advisory	2	3	0

Assignment	Executive lead	Assurance level	Actions agreed		
			H	M	L
	Gillian McTaggart – Head of Corporate Governance				
Payroll	Shona Mason - Head of HR & Organisational Development	Reasonable	0	3	3
Residential Property – Health and Safety Checks	Gillian McTaggart – Head of Corporate Governance	Reasonable	1	0	0
Corporate Governance (Members)	Amardip Healy - Chief Legal Officer Gillian McTaggart Head of Corporate Governance	Substantial	0	0	2
Risk Management	Gillian McTaggart – Head of Corporate Governance	Substantial	0	1	0

All of the assurance levels and outcomes provided above should be considered in the context of the scope, and the limitation of scope, set out in the individual Assignment Report.

We use the following levels of opinion classification within our internal audit reports. Reflecting the level of assurance the board can take:

	<p>Taking account of the issues identified, the board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective. Urgent action is needed to strengthen the control framework to manage the identified risk(s).</p>
	<p>Taking account of the issues identified, the board can take partial assurance that the controls to manage this risk are suitably designed and consistently applied. Action is needed to strengthen the control framework to manage the identified risk(s).</p>
	<p>Taking account of the issues identified, the board can take reasonable assurance that the controls in place to manage this risk are suitably designed and consistently applied. However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).</p>
	<p>Taking account of the issues identified, the board can take substantial assurance that the controls upon which the organisation relies to manage the identified risk(s) are suitably designed, consistently applied and operating effectively.</p>

FOR FURTHER INFORMATION CONTACT

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Epsom and Ewell Borough Council and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.

INTERNAL AUDIT PLAN 2019/20

Head of Service/Contact:	Gillian McTaggart, Head of Policy, Performance & Governance
Annexes/Appendices (attached):	Annex 1 – Internal Audit Plan 2019/20 Annex 2 – Internal Audit Charter 2019/20
Other available papers (not attached):	Agenda and Minutes of the meeting of the Audit, Crime & Disorder and Scrutiny Committee 22 November 2018

Report summary

This report introduces the Internal Audit Plan and Charter for 2019/20.

Recommendation (s)

That the Committee:

- (1) Endorses the Internal Audit Plan for 2019/20 as set out at Annex 1.**
- (2) Approves the Internal Audit Charter 2019/20 as set out at Annex 2.**

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 The internal audit work programme is designed to review and evaluate the risk management, control and governance arrangements that the Council has in place to establish and monitor the achievement of the Council's objectives. It also identifies, assesses and manages the risks to achieving those objectives.

2 Background

- 2.1 Internal Audit provides the Council through the Audit, Crime & Disorder and Scrutiny Committee with an independent and objective opinion on risk management, control and governance.

- 2.2 RSM has provided internal audit services to Epsom and Ewell Borough Council as part of a consortium from 2005 until the end of March 2019. Each year RSM attended the Committee and presented their draft internal audit strategy for the following year. The Chief Finance Officer and the Leadership Team were consulted during its preparation.
- 2.3 Southern Internal Audit Partnership (SIAP) became the Council's internal auditors on 1 April 2019 for a four year period. In preparation for this first year of operation, SIAP's Head of Internal Audit and Assistant Head of Internal Audit have been liaising closely with the Council's Head of Policy, Performance and Governance and the Chief Finance Officer. Meetings and discussions have been held with all members of the Council's Leadership Team, including the Chief Executive.
- 2.4 Following these discussions, SIAP has developed an Internal Audit Plan for the next three years and which encompasses a specific plan for 2019/20. A copy of the Internal Audit Plan is attached at **Annex 1**.
- 2.5 The Public Sector Internal Audit Standards require all internal audit activities to implement and retain a Charter. The Internal Audit Charter for 2019/20 is attached at **Annex 2**. This Charter sets out the purpose, authority and responsibilities for the internal audit services at the Council. Approval of the Charter is a responsibility of this Committee.

3 Proposals

- 3.1 It is proposed that the Committee endorses the Internal Audit Plan attached at **Annex 1** subject to any amendments identified as important to cover risks not adequately addressed. The Committee is also asked to approve the Internal Audit Charter 2019/20 attached at **Annex 2**.

4 Financial and Manpower Implications

- 4.1 The audit days within the plan are 199 which can be funded from the agreed budget.
- 4.2 **Chief Finance Officer's comments:** The work of internal audit is critical to ensuring the Council has an effective and robust set of internal controls in place.

5 Legal Implications (including implications for matters relating to equality)

- 5.1 The work of SIAP conforms to the Institute of Internal Auditors' professional standards and is in accordance with the International Professional Performance Framework.
- 5.2 **Monitoring Officer's comments:** None arising from the contents of this report.

6 Sustainability Policy and Community Safety Implications

6.1 No implications for the purpose of this report.

7 Partnerships

7.1 This is the first year that SIAP has acted as the Council's internal auditors. A representative from SIAP will attend the Committee during the year and update the Committee on audit work undertaken against the plan.

8 Risk Assessment

8.1 Internal Audit has an independent and objective consultancy role to help line managers improve risk management, governance and control.

9 Conclusion and Recommendations

9.1 The proposed internal audit coverage for 2019/20 is based on the Council's needs as assessed by SIAP in consultation with the Leadership Team.

9.2 It is recommended that the Committee endorses the Plan, subject to any modifications agreed with the Head of Policy, Performance and Governance at the meeting and approves the Internal Audit Charter 2019/20.

Ward(s) Affected: (All Wards);

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Internal Audit Plan

2019-20 / 2021-22

Epsom & Ewell Borough Council



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Southern Internal Audit Partnership

Assurance through excellence
and innovation

Agenda Item 6
Annex 1

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Introduction

The role of internal audit is that of an:

'Independent, objective assurance and consulting activity designed to add value and improve an organisations 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'.

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives.

The aim of internal audit's work programme is to provide independent and objective assurance to management, in relation to the business activities; systems or processes under review that:

- the framework of internal control, risk management and governance is appropriate and operating effectively; and
- risk to the achievement of the Council's objectives is identified, assessed and managed to a defined acceptable level.

The internal audit plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.

Internal Audit focus should be proportionate and appropriately aligned. The plan will remain fluid and subject to on-going review and amendment, in consultation with the Leadership Team and Audit Sponsors, to ensure it continues to reflect the needs of the Council. Amendments to the plan will be identified through the Southern Internal Audit Partnership's continued contact and liaison with those responsible for the governance of the Council.

Your Internal Audit Team

Your internal audit service is provided by the Southern Internal Audit Partnership. The team will be led by Natalie Jerams, Assistant Head of Southern Internal Audit Partnership, supported by Iona Bond, Audit Manager.

Conformance with internal auditing standards

The Southern Internal Audit Partnership service is designed to conform to the Public Sector Internal Audit Standards (PSIAS). Under the PSIAS there is a requirement for audit services to have an external quality assessment every five years. In September 2015 the Institute of Internal Auditors were commissioned to complete an external quality assessment of the Southern Internal Audit Partnership against the PSIAS, Local Government Application Note and the International Professional Practices Framework.

In selecting the Institute of Internal Auditors (IIA) a conscious effort was taken to ensure the external assessment was undertaken by the most credible source. As the authors of the Standards and the leading Internal Audit authority nationally and internationally the IIA were excellently positioned to undertake the external assessment.

considering all sources of evidence the external assessment team concluded:

*'It is our view that the Southern Internal Audit Partnership (SIAP) service generally conforms to **all** of these principles. This performance is within the top decile of EQA reviews we have performed. This is a notable achievement given the breadth of these Standards and the operational environment faced by SIAP.'*

*There are **no instances** across these standards where we determined a standard below "generally conforms", and 4 instances where the standard is assessed as "not applicable" due to the nature of SIAP's remit.'*

Conflicts of Interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

Corporate Plan 2016 - 20

Under the Council’s vision *'Making Epsom and Ewell an excellent place to live and work'* there are four key priorities underpinned by four core values. The Corporate Plan highlights Epsom & Ewell Borough Council’s ambitions and what they are going to do to support the delivery of their vision.



Council Risk

The Council have a clear framework and approach to risk management. The strategic risks assessed by the Council are a key focus of our planning for the year to ensure it meets the organisation's assurance needs and contributes to the achievement of their objectives. We will monitor the strategic risk register closely over the course of the year to ensure our plan remains agile to the rapidly changing landscape.

Ref	Risk Description
L1	Continue delivering a balanced budget through the MTFs and Income Generation and Enterprise Plan
L2	Limited staff resources in some areas affecting resilience and capacity in delivering the service delivery plan
L3	Delivering and implementing the Local Plan
L4	Lack of stability in IT systems, support and governance
L5	The Council is at risk of being put into special measures for planning decisions
L6	Failure to implement improvements to data protection from GDPR resulting in possible data breaches
L7	A lack of capacity and skills to deliver the commercialisation and enterprise agenda
L8	Delivery of a project for the regeneration of the wells
L9	Monitoring the Plan E Project Plan and assess impact
L10	Impact of welfare reforms including the homeless reduction act.

*Strategic Risks as per the Strategic Risk Register – reported to Audit, Crime & Disorder and Scrutiny Committee on 22/11/2018

Developing the internal audit plan 2019-20 / 2021-22

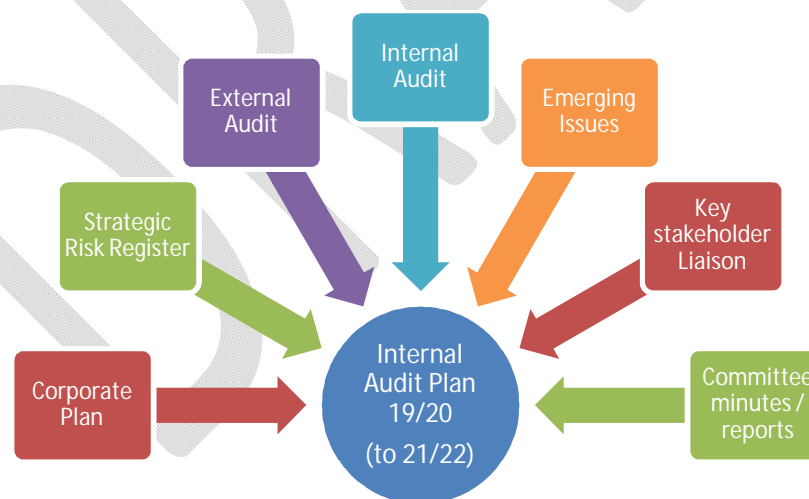
We have used various sources of information and discussed priorities for internal audit with the following groups:

- Leadership Team
- Chief Finance Officer (S151)
- Heads of Service
- Audit, Crime & Disorder and Scrutiny Committee
- Other key stakeholders

Based on these conversations with key stakeholders, review of key corporate documents and our understanding of the organisation the Southern Internal Audit Partnership have developed an annual audit strategy for 2019-20 / 2021-22.

The Council are reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers to ensure that duplication is minimised and a suitable breadth of assurance is obtained.



Internal Audit Plan

Audit	Risk / Scope	Strategic / Service Risk	Previous IA Coverage	2019-20	2020-21	2021-22
Corporate						
Programme & Project Management	Assurance over project management framework and compliance in relation to delivery on live / ongoing projects.	L8, L9	2018-19 2015-16		✓	
Alternative Delivery Models	Unique methods of service delivery with the potential for loss of control / ownership over service delivery. Assurance over governance, rights of access, third party assurance. Contingencies, exist strategies, hosting arrangements, accountability.			Q3		
Financial Sustainability	Assurance over budgetary control, efficiency Plans, financial risks relating to assumptions made for medium term financial projections.	L1			✓	
Working in Partnership	Working alongside different cultures. Potential for some loss of control / ownership of service delivery. Assurance over governance, rights of access, third party assurance, contingency arrangements, exit strategy, hosting arrangements (accountabilities), benefit realisation.				✓	
Asset Management (Property Assets)	Assurance over effectiveness and delivery of the Asset Management Plan including repairs and maintenance to non-housing assets (planned & reactive). Rent reviews, uplifts, income monitoring.		2018-19 2017-18 2015-16	Q2		

Audit	Risk / Scope	Strategic / Service Risk	Previous IA Coverage	2019-20	2020-21	2021-22
Governance						
Contract Management	Review of contract management arrangements and compliance across a selection of contracts in place.		2018-19 2017-18	Q1		✓
Human Resources & Organisational Development	Weak or ineffective internal control leading to financial loss resulting in damage to the Council's reputation and adverse publicity. Assurances over the audit cycle: <ul style="list-style-type: none"> • Performance Management • Absence management • Recruitment • Training & Development • Workforce Strategy / Development • Flexible Working • HR policies and procedures • Agency staff, volunteers. 	L2, L7	2018-19 2015-16	Q4		✓
Commissioning & Procurement	Assurance over the effective identification and assessment of organisational needs to maximise value for money and efficiencies through procurement. Assurance over compliance with contract procedure rules and legislative requirements.		2016-17	Q3		
Risk Management	Assurance over the risk management framework including governance, transparency and maturity.		2018-19 2016-17			✓
Fraud & Irregularities	Cyclical assurance over the governance arrangements to prevent, detect and investigate fraud and irregularities. (19/20 consultancy review.)		2015-16	Q1		
Health & Safety	Effective H&S strategy in place and operating effectively with effective governance, accountability and issue resolution.		2018-19		✓	

Audit	Risk / Scope	Strategic / Service Risk	Previous IA Coverage	2019-20	2020-21	2021-22
Business Continuity & Emergency Planning	Assurance over planning for extreme events that may lead to delays in responding to situations resulting in increased costs and staff resources including: <ul style="list-style-type: none"> Business Continuity Plan Emergency Plan. 		2017-18			✓
Information Governance	Assurance over information governance arrangements to include FOI, SAR, Transparency and General Data Protection Regulation (GDPR).	L6	2017-18 2015-16	Q4		
Decision Making & Accountability	Assurance over the effectiveness and transparency of the decision-making process at officer and Member level. To consider governance, sufficiency, accuracy and timeliness of information including consultation with the public as necessary.				✓	
Ethical Governance	Evaluation of the design, implementation and effectiveness of EEBC's ethics-related objectives, programmes and activities.				✓	
Annual Governance Statement	Cyclical assurance over the governance arrangements to compile, contribute and deliver the AGS.					✓
Core Financial Reviews						
Housing Benefits			2017-18		✓	
Council Tax			2017-18			✓
NNDR			2017-18			✓
Accounts Payable			2016-17		✓	
Accounts Receivable / Debt Management	Programme of cyclical systems reviews			Q2		
Main Accounting			2016-17	Q3		
Treasury Management			2018-19			
Income Collection			2018-19		✓	

Audit	Risk / Scope	Strategic / Service Risk	Previous IA Coverage	2019-20	2020-21	2021-22
Capital Accounting			2015-16	Q3		
Payroll	Outsourced to Midland HR. Review of contract management arrangements. Assurance that EEBC are receiving all outcomes expected from the contract and to review EEBC in-house operations.		2018-19 2017-18 2016-17		✓	
IT						
IT Governance	Review of IT strategy, policies, standards and procedures. Other potential areas for consideration to include IT asset management, change management and software licensing.	L4			✓	
Data Management	Review of data centre facilities and security including storage and back-up. To also consider database management.			Q2		
Information Security	Review of cyber security arrangements, security controls (including remote access) and cloud storage. To also consider network security and infrastructure management.	L4, L6	2017-18		✓	
System Development & Implementation	Systems Life Cycle, Project Management and Application Management.	L4				✓
IT Business Continuity	Disaster recovery, system resilience				✓	
Networking & Communications	Virtualisation, operating system management					✓
Payment Card Industry Data Security Standard	Compliance to meet industry standards		2016-17 2015-16	Q2		
Mobile Working	Initiatives to promote agile working. Security (physical, environmental and technical) of data and hardware.					

Audit	Risk / Scope	Strategic / Service Risk	Previous IA Coverage	2019-20	2020-21	2021-22
Keeping the Borough Clean and Green						
Operational Services	To review arrangements for refuse collection, recycling & street cleansing.			Q4		
Environmental Health	To review regulatory activities including animal control, food safety, pollution control, contaminated land, enforcement. To include Private Sector Housing.				✓	
Cemeteries	Provision of grave spaces, internment and memorials. Fee generating service (circa £400k). Recently acquired additional land to increase capacity and expand.				✓	
Air Quality Monitoring	Responsibility to review and assess current and future air quality within the borough in compliance with the National Air Quality Strategy.			Q1		
Supporting Businesses and our Local Economy						
Economic Development	Review delivery including processes and outcomes against the Economic Development Strategy.					✓
Supporting our Community						
Homelessness	Assurance over management and prevention of homelessness. Properties acquired to alleviate B&B costs and Private Sector Lease scheme in place	L10	2018-19 2017-18			✓
Housing	Effective Housing Policy and procedures to achieve desired outcomes.				✓	
Affordable Housing	Opportunities for development and alternative methods of delivery to meet organisational and national priorities.					
Local Plan	Review of the plan and provide assurance around the progress/delivery.	L3	2017/18	Q3		

Audit	Risk / Scope	Strategic / Service Risk	Previous IA Coverage	2019-20	2020-21	2021-22
Development Management	Planning (street naming, CIL); Development Control (planning applications, appeals); Planning enforcement. LGA review (2016/17) and improvement plan agreed to reduce the possibility of 'designation'.	L5	2018-19 2017-18 2016-17		✓	
Building Control	In-house team with inherent risks of capacity, resilience and competition from the market. To consider governance, deliverables, billing and outcomes.			Q3		
Disabled Facility Grants	Administration and compliance with local / legislative requirements.				✓	
Community Safety	Response to community safety and anti-social behaviour. To include PREVENT, Community Safety Partnership, and community funding and grants.		2018-19		✓	
Community Health & Wellbeing	Assurances over services designed to help residents retain their independence and reduce social isolation including: the Wellbeing Centre, support services, ETHOS etc. Inherent risks include funding, demand, safeguarding. To further consider development and delivery of the Health & Wellbeing Strategy.					✓
Parking & Enforcement	Maintenance of car parks, permits and enforcement.		2016-17		✓	
Licensing	To include Taxi's, gambling, alcohol, entertainment etc. issue and enforcement					✓
Cultural venues and facilities	Playhouse theatre, museum, Bourne Hall, Ewell Court House. Restructure and revised operating model at Bourne Hall and Ewell Court House effective 1 April 2019.			Q3		
Managing our Resources						
Investments	Assurance over the governance, accountabilities, viability and outcomes of the Property Investment Company (EPIPIC). Significant financial expectations through the successful delivery to meet savings targets.		2018-19 2017-18		✓	

Audit	Risk / Scope	Strategic / Service Risk	Previous IA Coverage	2019-20	2020-21	2021-22
Income Generation & Enterprise Plan	The plan is premised on four workstreams with the aim of delivering value to customers while generating a financial return which contributes to Council efficiencies. Unsuccessful / untimely delivery will significantly impact the Council's ability to meet projected budget gaps and protect core front line services.	L1, L7		Q4		
Service Delivery Plans	Effective production, prioritisation, delivery and governance of Service Delivery Plans to achieve desired outcomes in achieving the key priorities of the Council.	L2			✓	
Fees and Charges	Effective and timely calculation of fees and charges to meet the aspirations within the MTFS (to include rents and leases)	L1	2016-17		✓	
Digital / Transformation	To enable improved and more effective services focusing on 'channel shift' as opposed to AI / robotics.					✓
Grants/Non-assurance work						
EWDC Conservators Account	An annual review and completion of the annual governance and accountability return.			Q1	✓	✓
Other						
Management	To include annual planning, reporting and attendance at SLT and Audit Committee, action tracking, liaison with key stakeholders and annual report and opinion.			-	-	-
Total Days				199	199	199

Internal Audit Charter - 2019/20

Introduction

The Public Sector Internal Audit Standards (the Standards) provide a consolidated approach to audit standards across the whole of the public sector providing continuity, sound corporate governance and transparency.

The Standards form part of the wider mandatory elements of the International Professional Practices Framework (IPPF) which also includes:

- the mission;
- core principles;
- definition of internal audit; and
- Code of Ethics.

The Standards require all internal audit activities to implement and retain an 'Internal Audit Charter'.



The purpose of the Internal Audit Charter is to formally define the internal audit activity's purpose, authority and responsibility.

Mission and Core Principles

The IPPF 'Mission' aims *'to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.'*

The 'Core Principles' underpin delivery of the IPPF mission:

- Demonstrates integrity;
- Demonstrates competence and due professional care;
- Is objective and free from undue influence (independent);
- Aligns with the strategies, objectives and risks of the organisation;
- Is appropriately positioned and adequately resourced;
- Demonstrates quality and continuous improvement;
- Communicates effectively;
- Provides risk-based assurance;
- Is insightful, proactive, and future-focused; and
- Promotes organisational improvement.



Authority

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which state that a relevant body must:

'undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control'.

The standards for 'proper practices' in relation to internal audit are laid down in the Public Sector Internal Audit Standards (updated 2017).

Purpose

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively. The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives.

This is achieved through internal audit providing a combination of assurance and consulting activities. Assurance work involves assessing how well the systems and processes are designed and working, with consulting activities available to help to improve those systems and processes where necessary.

The role of internal audit is best summarised through its definition within the Standards, as an:

'independent, objective assurance and consulting activity designed to add value and improve an organisations 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'.

Responsibility

The responsibility for maintaining an adequate and effective system of internal audit within Epsom & Ewell Borough Council lies with the Chief Finance Officer (S151 Officer).

For the Council, internal audit is provided by the Southern Internal Audit Partnership.

The Chief Internal Auditor (Head of Southern Internal Audit Partnership) is responsible for effectively managing the internal audit activity in accordance with the 'Mission', 'Core Principles', 'Definition of Internal Auditing', the 'Code of Ethics' and 'the Standards'.



Definitions

For the purposes of this charter the following definitions shall apply:

The Board – the governance group charged with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting. At the Council this shall mean the Audit, Crime & Disorder and Scrutiny Committee.

Senior Management – those responsible for the leadership and direction of the Council. At the Council this shall mean the Senior Leadership Team.

Position in the organisation

The Chief Internal Auditor reports functionally to the Board, and organisationally to the Chief Finance Officer who has statutory responsibility as proper officer under Section 151 of the Local Government Act 1972, for ensuring an effective system of internal financial control and proper financial administration of the Council's affairs.

The Chief Internal Auditor has direct access to the Chief Executive who carries the responsibility for the proper management of the Council and for ensuring that the principles of good governance are reflected in sound management arrangements.

The Chief Internal Auditor has direct access to the Council's Monitoring Officer where matters arise relating to Monitoring Officer responsibility, legality and standards.

Where it is considered necessary to the proper discharge of the internal audit function, the Chief Internal Auditor has direct access to elected Members of the Council and in particular those who serve on committees charged with governance (i.e. the Audit, Crime & Disorder and Scrutiny Committee).

Internal audit resources

The Chief Internal Auditor will be professionally qualified (CMIIA, CCAB or equivalent) and have wide internal audit and management experience, reflecting the responsibilities that arise from the need to liaise internally and externally with Members, senior management and other professionals.

The Chief Finance Officer will provide the Chief Internal Auditor with the resources necessary to fulfil the Council's requirements and expectations as to the robustness and scope of the internal audit opinion.

The Chief Internal Auditor will ensure that the internal audit service has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver the audit strategy and operational audit plan.



The annual operational plan will identify the resources required to complete the work, thereby highlighting sufficiency of available resources. The Chief Internal Auditor can propose an increase in audit resource or a reduction in the number of audits if there are insufficient resources.

'Senior Management' and 'the Board' will be advised where, for whatever reason, internal audit is unable to provide assurance on any significant risks within the timescale envisaged by the risk assessment process.

The annual operational plan will be submitted to 'senior management' and 'the Board', for approval. The Chief Internal Auditor will be responsible for delivery of the plan. The plan will be kept under review to ensure it remains responsive to the changing priorities and risks of the Council.

Significant matters that jeopardise the delivery of the plan or require changes to the plan will be identified, addressed and reported to 'senior management' and 'the Board'.

If the Chief Internal Auditor, 'the Board' or 'Senior Management' consider that the scope or coverage of internal audit is limited in any way, or the ability of internal audit to deliver a service consistent with the Standards is prejudiced, they will advise the Deputy Chief Executive accordingly.

Independence and objectivity

Internal auditors must be sufficiently independent of the activities they audit to enable them to provide impartial, unbiased and effective professional judgements and advice.

Internal auditors must maintain an unbiased attitude that allows them to perform their engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgement on audit matters to others.

To achieve the degree of independence and objectivity necessary to effectively discharge its responsibilities, arrangements are in place to ensure the internal audit activity:

- retains no executive or operational responsibilities;
- operates in a framework that allows unrestricted access to 'senior management' and 'the Board';
- reports functionally to 'the Board';
- reports in their own name;
- rotates responsibilities for audit assignments within the internal audit team; and
- completes individual declarations confirming compliance with rules on independence, conflicts of interest and acceptance of inducements.



If independence or objectivity is impaired in fact or appearance, the details of the impairment will be disclosed to 'Senior Management' and 'the Board'. The nature of the disclosure will depend upon the impairment.

Due professional care

Internal auditors will perform work with due professional care, competence and diligence. Internal auditors cannot be expected to identify every control weakness or irregularity, but their work should be designed to enable them to provide reasonable assurance regarding the controls examined within the scope of their review.

Internal auditors will have a continuing duty to develop and maintain their professional skills, knowledge and judgement based on appropriate training, ability, integrity, objectivity and respect.

Internal auditors will apprise themselves of the 'Mission', 'Core Principles', 'Definition of Internal Auditing', the 'Code of Ethics' and the 'Standards' and will work in accordance with them in the conduct of their duties.

Internal auditors will be alert to the possibility of intentional wrongdoing, errors and omissions, poor value for money, failure to comply with management policy and conflicts of interest. They will ensure that any suspicions of fraud, corruption or improper conduct are promptly reported in accordance with the Council's Anti-fraud and Corruption Policy.

Internal auditors will treat the information they receive in carrying out their duties as confidential. There will be no unauthorised disclosure of information unless there is a legal or professional requirement to do so. Confidential information gained in the course of internal audit work will not be used to effect personal gain.

Access to relevant personnel and records

In carrying out their duties, internal audit (on production of identification) shall have unrestricted right of access to all records, assets, personnel and premises, belonging to the Council or its key delivery partner organisations.

Internal audit has authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities. Such access shall be granted on demand and not subject to prior notice.

Scope of Internal Audit activities

The Chief Internal Auditor is responsible for the delivery of an annual audit opinion and report that can be used by the Council to inform its governance statement. The annual opinion will conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.



The Council assume a Key Stakeholder role within the Southern Internal Audit Partnership (SIAP). The SIAP currently provides internal audit services to a wide portfolio of public sector clients (Annex 1) through a variety of partnership and sold service delivery models.

A range of internal audit services are provided (Annex 2) to form the annual opinion for each member / client of the SIAP. The approach is determined by the Chief Internal Auditor and will depend on the level of assurance required, the significance of the objectives under review to the organisation's success, the risks inherent in the achievement of objectives and the level of confidence required that controls are well designed and operating as intended.

In accordance with the annual audit plan, auditors will plan and evaluate their work so as to have a reasonable expectation of detecting fraud and identifying any significant weaknesses in internal controls.

Managing the risk of fraud is the responsibility of line management and strategic responsibility for reactive and proactive fraud work sits with the S151 Officer and the Head of Policy, Performance & Governance who would ensure any suspected or detected fraud or corruption was investigated.

The Council participates in the National Fraud Initiative (NFI) in which data from the Council's main systems are matched with data supplied from other local authorities and external agencies to detect potential fraudulent activity.

The S151 Officer or the Head of Policy, Performance & Governance will notify SIAP of any suspected or detected fraud to inform their opinion. They will instruct either SIAP or an external provider to undertake any investigations or reviews as required. SIAP will review the governance arrangement to prevent, detect and investigate fraud and irregularities on a cyclical basis.

Reporting

Chief Internal Auditor's Annual Report and Opinion

The Chief Internal Auditor shall deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

The annual internal audit report and opinion will conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The annual report will incorporate as a minimum:

- The opinion;
- A summary of the work that supports the opinion; and
- A statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

Senior Management

As those responsible for the leadership and direction of the Council. It is imperative that the Senior Leadership Team are engaged in:

- approving the internal audit charter (minimum annually);
- approving the risk based internal audit plan;
- receiving communications from the Chief Internal Auditor on the internal audit activity's performance relative to its plan and other matters;
- making appropriate enquiries of management and the Chief Internal Auditor to determine whether there are inappropriate scope and resource limitations; and
- receiving the results of internal and external assessments of the quality assurance and improvement programme, including areas of non-conformance.

The Board

Organisational independence is effectively achieved when the Chief Internal Auditor reports functionally to the Board. Such reporting will include:

- approving the internal audit charter;
- approving the risk based internal audit plan;
- approving the internal audit resource plan;
- receiving communications from the Chief Internal Auditor on the internal audit activity's performance relative to its plan and other matters, including the annual report and opinion;
- making appropriate enquiries of management and the Chief Internal Auditor to determine whether there are inappropriate scope or resource limitations;
- agreement of the scope and form of the external assessment as part of the quality management and improvement plan;
- receiving the results of internal and external assessments of the quality assurance and improvement programme, including areas of non-conformance; and
- approval of significant consulting services not already included in the audit plan, prior to acceptance of the engagement.

Review of the internal audit charter

This charter will be reviewed annually (minimum) by the Chief Internal Auditor and presented to *'Senior Management'* and *'the Board'* for approval.

Southern Internal Audit Partnership – Client Portfolio

Strategic Partners:	Hampshire County Council
Key Stakeholder Partners:	West Sussex County Council Havant Borough Council East Hampshire District Council Winchester City Council New Forest District Council Mole Valley District Council Epsom & Ewell Borough Council Reigate & Banstead Borough Council Tandridge District Council Hampshire Fire & Rescue Authority Office of the Hampshire Police & Crime Commissioner / Hampshire Constabulary Office of the Sussex Police & Crime Commissioner / Sussex Police Force Office of the Surrey Police & Crime Commissioner / Surrey Police Force
External clients:	Waverley Borough Council Hampshire Pension Fund West Sussex Pension Fund New Forest National Park Authority
	Higher Education Institutions University of Winchester
	Further Education Institutions Eastleigh; Highbury; Isle of Wight College; Itchen; and Portsmouth
	Third Sector VTCT

Annex 2

Assurance Services

- **Risk based audit:** in which risks and controls associated with the achievement of defined business objectives are identified and both the design and operation of the controls in place to mitigate key risks are assessed and tested, to ascertain the residual risk to the achievement of managements' objectives. Any audit work intended to provide an audit opinion will be undertaken using this approach.
- **Developing systems audit:** in which:
 - the plans and designs of systems under development are assessed to identify the potential weaknesses in internal control and risk management; and
 - programme / project management controls are assessed to ascertain whether the system is likely to be delivered efficiently, effectively and economically.
- **Compliance audit:** in which a limited review, covering only the operation of controls in place to fulfil statutory, good practice or policy compliance obligations are assessed.
- **Quality assurance review:** in which the approach and competency of other reviewers / assurance providers are assessed in order to form an opinion on the reliance that can be placed on the findings and conclusions arising from their work.
- **Fraud and irregularity investigations:** Internal audit may also provide specialist skills and knowledge to assist in or lead fraud or irregularity investigations, or to ascertain the effectiveness of fraud prevention controls and detection processes. Internal audit's role in this respect is outlined in the Council's Anti Fraud and Anti Corruption Strategy.
- **Advisory / Consultancy services:** in which advice can be provided, either through formal review and reporting or more informally through discussion or briefing, on the framework of internal control, risk management and governance. It should be noted that it would not be appropriate for an auditor to become involved in establishing or implementing controls or to assume any operational responsibilities and that any advisory work undertaken must not prejudice the scope, objectivity and quality of future audit work.

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COMPLIANCE WITH THE SURVEILLANCE CAMERA CODE OF PRACTICE

Head of Service/Contact: Rod Brown, Head of Housing & Community

Annexes/Appendices (attached):

Other available papers (not attached): Surveillance Camera Commissioner:
Surveillance Camera Code of Practice
Report and Minutes of Audit, Crime & Disorder and Scrutiny Committee, 9 February 2017

Report summary

This report provides a progress update on work to make the Council's street scene CCTV system compliant with the Surveillance Camera Code of Practice.

Recommendation (s)

- (1) That the committee notes the progress in ensuring compliance with the Surveillance Camera Code of Practice.**

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 The provision of a street scene CCTV system in the major towns in the Borough contributes to the achievement of the Council's Key Priorities of "Supporting our Community" and "Supporting Businesses and our Local Economy"

2 Background

- 2.1 Although added to in the years since, the core of the street scene CCTV system was installed in the mid 1990s. The system comprises 20 cameras, 16 of them in Epsom town centre with two each in Ewell and Stoneleigh.

- 2.2 Legislation applies requirements to the management of surveillance cameras generally, and the Surveillance Camera Commissioner has produced a Code of Practice for surveillance cameras.
- 2.3 At the 9 February 2017 meeting of the Audit, Crime & Disorder and Scrutiny Committee, it was reported that Officers were due to complete a self-assessment against the requirements of the Code and to submit this to the Commissioner.
- 2.4 Although the Surveillance Camera Commissioner's Office indicates the self-assessment was received, they cannot locate it on their files. Owing to the personnel changes within the Council's Community Safety team, it has not been possible to locate the Council's office copy.
- 2.5 In view of the circumstances, the time which has passed and with the additional resources now within the Community Safety team, a fresh self-assessment has been completed and submitted to the Surveillance Camera Commissioner. Officers currently await feedback on the outcome. Information from this will be used as the basis of an action plan to ensure compliance with the code.
- 2.6 Surrey Police monitor the footage from our street scene CCTV camera feeds, although there are indications that they are seeking to reduce their commitment to this work. It is therefore a possibility that the Council will need to consider alternative provision in the future.
- 2.7 A risk based approach has been taken when deciding on priorities for conducting reviews. The age and legacy issues surrounding the public space CCTV cameras has resulted in this area being prioritised. For the remainder of the Council's CCTV assets (including those mounted to vehicles and the limited number of body worn cameras in use), these will be considered in a further phase and the usage policy revised as appropriate.

3 Proposals

- 3.1 That Officers use the outcomes of the refreshed self-assessment as the basis of an action plan to achieve full compliance with the Surveillance Camera Code of Practice for street scene cameras.
- 3.2 That Officers explore options for future street scene CCTV coverage and monitoring with local authority partners, particularly within the East Surrey Community Safety Partnership.
- 3.3 That both these areas of work are reported back to the Audit, Crime & Disorder and Scrutiny Committee in April 2020.

4 Financial and Manpower Implications

- 4.1 The Council now employs a full time experienced Community Safety and Enforcement Officer reporting into the Environmental Health team. Much of the work in the area of community safety is being achieved through this new resource and the structure around them.
- 4.2 The current budget for street scene CCTV is £35,500 having achieved a saving through moving the monitoring over to Surrey Police. Any future replacement monitoring arrangements are likely to require an increase in budget.
- 4.3 There is presently no capital programme for CCTV replacement and renewal. Officers are aware that the age and inflexibility of the system means it will require updating should there be a desire to maintain coverage. As part of the revised arrangements for monitoring, consideration will be given to the timing, technology and costs of renewal of any of the network.
- 4.4 **Chief Finance Officer's comments:** Any additional financial resource requirements would be considered as part of the Council's budget setting process.

5 Legal Implications (including implications for matters relating to equality)

- 5.1 The Council as an operator of a surveillance camera system is required to work within a framework of legal and regulatory requirements and industry standards. A number of statutory responsibilities arise as a result. Examples being the Data Protection Act 1998, the Regulation of Investigatory Powers Act 2000, and the Protection of Freedoms Act 2012 (PoFA).
- 5.2 As a public authority the Council is required to comply with the Code of Practice issued under the PoFA. Using the self assessment tool is a key element of verifying compliance with the Code.
- 5.3 **Monitoring Officer's comments:** none arising from the contents of this report.

6 Sustainability Policy and Community Safety Implications

- 6.1 There is evidence that the street scene CCTV service is valued by both the local police, members of the public and businesses in detecting and dispelling crime including antisocial behaviour.

7 Partnerships

- 7.1 The provision of the street scene CCTV service has been a partnership between Surrey Police and Epsom & Ewell Borough Council. Going forward, the shared responsibilities in this area dictate a strong partnership approach will continue to be required including, if necessary, partner local authorities.

8 Risk Assessment

- 8.1 Should serious shortcomings remain unaddressed, there is a risk of Information Commissioner sanctions with resultant financial and reputational implications.
- 8.2 A significant unjustifiable loss of the CCTV asset may result in an increase in crime and disorder, loss of public confidence and affect partner relations.

9 Conclusion and Recommendations

- 9.1 In the event that Surrey Police withdraw from CCTV monitoring, significant decisions are likely to be required in the forthcoming year about what future monitoring arrangements are viable, together with any need to undertake a renewal of the technology.
- 9.2 The outcome of the self-assessment will be used to formulate an action plan which will be adjusted as necessary in light of developments in the future monitoring arrangements.
- 9.3 A further report will be presented in April 2020 updating the Committee on progress.

Ward(s) Affected: (All Wards);

ANNUAL REPORT

Head of Service/Contact:	Gillian McTaggart, Head of Policy, Performance & Governance
Annexes/Appendices (attached):	Annex 1 – Annual Report Annex 2 – Draft Work Programme 2019/20
Other available papers (not attached):	Agendas and Minutes of the Audit, Crime & Disorder and Scrutiny Committee 19 June 2018, 22 November 2018 and 7 February 2019. Constitution of Epsom and Ewell Borough Council

Report summary

This report presents the Annual Report of the Audit, Crime & Disorder and Scrutiny Committee for 2018/19 and draft work programme 2019/20.

Recommendation (s)

That the Committee:

- (1) Approves the Annual Report 2018/19 attached at Annex 1;**
- (2) Authorises the Head of Policy, Performance and Governance in consultation with the Chairman to make appropriate amendments or additions to the Annual Report 2018/19 as a result of business transacted at this meeting;**
- (3) Notes the draft work programme 2019/20 attached at Annex 2.**

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 The work of the Audit, Crime & Disorder and Scrutiny Committee has the potential to cut across all of the Council's Key Priorities. It does, however, impact the Key Priority Managing our Resources in particular.

2 Background

- 2.1 Article 6 within Part 2 of the Constitution requires the Audit, Crime & Disorder and Scrutiny Committee to report annually to the Council on its workings and make recommendations for future work programmes and amended working methods if appropriate.

3 Proposals

- 3.1 It is proposed that the Committee approves the Annual Report 2018/19 attached at **Annex 1** and agrees that the Head of Policy, Performance and Governance in agreement with the Chairman make such amendments and/or additions necessary to reflect the outcome of the current meeting.
- 3.2 It is also proposed that the Committee notes the draft work programme 2019/20 attached at **Annex 2**. This draft work programme has been designed to meet the audit and scrutiny responsibilities of the Committee. It will be subject to consideration and approval of the Audit, Crime & Disorder and Scrutiny Committee in 2019/20 which may choose to further develop its scope.

4 Financial and Manpower Implications

- 4.1 There are no financial or manpower implications for the purpose of this report.
- 4.2 **Chief Finance Officer's comments:** None for the purposes of this report.

5 Legal Implications (including implications for matters relating to equality)

- 5.1 There are no legal implications for the purpose of this report.
- 5.2 **Monitoring Officer's comments:** None arising from the contents of this report.

6 Sustainability Policy and Community Safety Implications

- 6.1 There are no particular sustainability policy implications for the purpose of this report. Scrutiny of the Community Safety Partnership is a responsibility of the Committee.

7 Partnerships

- 7.1 There are no particular partnership implications for the purpose of this report.

8 Risk Assessment

- 8.1 The Audit, Crime & Disorder and Scrutiny Committee will need to consider its Annual Report at its April meeting in order for Council to receive it this current year.

9 Conclusion and Recommendations

- 9.1 The Committee is asked to consider and approve its Annual Report 2018/19 attached at **Annex 1** for submission to Council as required by Article 6 of the Constitution and to note the draft work programme 2019/20 attached at **Annex 2**.

Ward(s) Affected: (All Wards);

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Annual Report of the Audit, Crime & Disorder and Scrutiny Committee 2018/19

1. Introduction

- 1.1 This Annual Report provides Council with an overview of the work of the Audit, Crime & Disorder and Scrutiny Committee undertaken during 2018/19.
- 1.2 Over the course of the year, the work of the Committee was undertaken by its ten members. Attendance at the four formal meetings of the committee across the year is set out in the table below.

Member	Actual Attendance at Meetings*	Nominated Substitute*
Councillor David Reeve (Chairman)	3	
Councillor Steve Bridger (Vice Chairman)	3	
Councillor Michael Arthur MBE	3	
Councillor Alex Clarke	2	
Councillor Alex Coley	3	
Councillor George Crawford	2	1
Councillor Rob Geleit	3	
Councillor Humphrey Reynolds	3	
Councillor Jean Steer	1	2
Councillor Mike Teasdale	2	1

(* To be updated following April 2019 meeting)

- 1.3 In June 2018 the Committee considered and agreed its work programme for 2018/19. The work programme was designed to ensure that the Committee met its statutory and local responsibilities and provided the Council with added value and assurance. An overview of the main items is set out below.

Effectively Holding Decision Makers to Account

- 1.4 To support effective, transparent and accountable decision making at the Council, the Committee has the power to review policy committee decisions made but not yet implemented through the call-in procedure and to consider an annual report on the use of delegated powers. Although the Committee did not receive any requests to use its call-in power, in June 2018 the Committee was informed that nineteen significant decisions taken by officers in consultation with Chairmen had been recorded since 20 June 2017 using the delegated decision proforma. The Committee did not raise any concerns regarding these decisions.
- 1.5 In June 2018, the Committee reviewed the work of the local Community Safety Partnership (CSP) undertaken in 2017/18. The Committee was informed that

the borough was covered by the East Surrey CSP, the priorities of which were anti-social behaviour, domestic abuse and rural crime. The local Borough Inspector was in attendance at the meeting. He updated the Committee on work undertaken by Surrey Police within the borough during the year.

- 1.6 Lastly, the Committee monitored progress made against the Council's Key Priority Targets 2018/19 across the year. The Committee examined in particular those targets assigned amber or red status, that is, those identified as slightly off target - not a major concern or slippage, and those identified as off target - unlikely to be achieved within the projected year.

Contributing to more Effective Policies, Improving Services, and Improving the Quality of Life for Local People

- 1.7 The Audit, Crime & Disorder and Scrutiny Committee has a role to play in securing improvements to Council services and in considering the social, economic and environmental wellbeing of the Borough. The Committee has the ability to report on any matter which affects Epsom and Ewell as well as its residents.
- 1.8 In June 2018 the Audit, Crime & Disorder and Scrutiny Committee received a report on the volume and reasons for stage 1, 2 and 3 customer complaints received by the Council during 2017/18. It was informed that in January 2018 the complaints process was changed from three to two stages. The Council received 1,103 complaints during 2017/18, 97% of which were resolved at stage 1.
- 1.9 The main reason for customer dis-satisfaction related to service delivery. Operational Services received 82% (902) of all complaints. In the main, these related to the area of refuse and recycling. The Committee noted that in the summer of 2018 a new collection service was introduced to properties throughout the borough and that this had resulted in a temporary increase in complaints in June and July. As a result of the total volume of complaints received relating to refuse and recycling, active monitoring of missed collection reports was introduced during the year. This new process helped reduce the number of missed collection reports becoming formal complaints.
- 1.10 The Annual Review Letter from the Local Government and Social Care Ombudsman indicated that just one detailed complaint investigation was undertaken and upheld in the year ending March 2018. Finally, members of the Committee did highlight that on occasion they had not received automated responses to matters reported by means of the 'Contact us' forms on the Council's website; the issue was followed up and resolved by officers.
- 1.11 Also in June 2018 the Committee received an annual report on matters relating to the Regulation of Investigatory Powers Act 2000 (RIPA). The Office of the Surveillance Commissioner had inspected the Council's RIPA procedures and activity through a desk top review in 2017. A set of recommendations were put to the Council in order to 'improve upon what is already sound guidance'. The recommendations made were incorporated into an amended lawful surveillance

policy agreed by the Strategy & Resources Committee in April 2018. The Audit, Crime & Disorder and Scrutiny Committee approved the amended policy. One application to undertake directed surveillance was made in 2017/18; this application led to the conviction of a defendant for fly tipping.

Adding Value

- 1.12 In June 2018 the Committee received the Internal Audit Assurance Report 2017/18 which included the Head of Internal Audit's opinion and an assessment of the internal auditor's performance by the Chief Finance Officer. No reports were issued with a 'no assurance' or 'partial assurance' level during 2017/18. The Head of Internal Audit's overall opinion recorded that the Council had an adequate and effective framework for risk management, governance and internal control. To ensure it remained adequate and effective, enhancements were identified. The Chief Finance Officer reported that the internal auditors had provided an effective service during 2017/18.
- 1.13 Also at the June 2018 meeting the Committee confirmed the adequacy of the arrangements made for preparing the Council's Annual Governance Statement. The Committee endorsed the 2017/18 Annual Governance Statement prior to it being certified by the Chief Executive and Chairman of Strategy & Resources Committee.
- 1.14 Throughout the year the Audit, Crime & Disorder and Scrutiny Committee received regular audit progress reports from the internal auditors. These reports updated the Committee on work against the Internal Audit Plan 2018/19. Internal Auditors, RSM, attended each Committee meeting to present their findings and answer members' questions. The Committee sought additional assurance from officers on matters highlighted in two separate audits concerning tree inspections and cyber security.
- 1.15 Progress on the implementation of high and medium internal audit recommendations was reported to the Committee in February 2019. Reasonable progress on implementing the recommendations agreed in the 2017/18 audit programme had been made.
- 1.16 The Committee considered the Council's risk management framework in November 2018. It confirmed that it was satisfied with the arrangements in place for risk management and following review of the Leadership Risk Register the Committee did not raise any risks with the Leadership Team.
- 1.17 Finally, the Committee noted in November 2018 that the contract with internal auditors RSM was due to expire at the end of March 2019. From 1 April 2019 internal audit services would be provided by Southern Internal Audit Partnership following agreement of the Strategy & Resources Committee in September 2019.

Conclusion

- 1.18 The Audit, Crime & Disorder and Scrutiny Committee wishes to record its thanks to all those who contributed to the work of the Committee over the year and its particular thanks to RSM for the internal audit service it has provided for a number of years.

**Audit, Crime & Disorder and Scrutiny Committee
Draft Work Programme 2019/20**

MEETING DATE	ITEMS FOR CONSIDERATION BY FULL COMMITTEE
25 June 2019	<ul style="list-style-type: none"> • Internal Audit Monitoring Report 2018/19 • Internal Audit Assurance Report 2018/19 • Annual Governance Statement 2018/19 • Corporate Plan: Year End Performance Report 2018 to 2019 and Provisional Targets for 2019 to 2020 • Community Safety Partnership 2018/19 – End of Year Report • Use of Delegated Powers Annual Report • Annual Report on the Regulation of Investigatory Powers Act 2000 • Complaints – Annual Monitoring Report • Work Programme 2019/20
21 Nov 2019	<ul style="list-style-type: none"> • Internal Audit Monitoring Report 2019/20 • Annual Governance Statement and District Auditor’s Audit Findings, Progress Against Action Plans • Risk Management Framework Annual Report • Corporate Plan: Performance Report One 2019 to 2020 • Work Programme 2019/20
6 Feb 2020	<ul style="list-style-type: none"> • Internal Audit Monitoring Report 2019/20 • Corporate Plan: Performance Report Two 2019 to 2020 • Work Programme 2019/20
21 April 2020	<ul style="list-style-type: none"> • Internal Audit Monitoring Report 2019/20 • Internal Audit Plan 2020/21 and Internal Audit Charter 2020/21 • Update on Compliance with the Surveillance Camera Code of Practice • Annual Report 2019/20

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