

AUDIT, CRIME & DISORDER AND SCRUTINY COMMITTEE

Thursday 7 April 2022 at 7.30 pm

Place: Council Chamber, Epsom Town Hall

Link for public online access to this meeting:

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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 Steve Bridger (Chair)
Councillor Nigel Collin (Vice-Chair)
Councillor Arthur Abdulin
Councillor Liz Frost
Councillor Rob Geleit

Councillor David Gulland
Councillor Previn Jagutpal
Councillor Phil Neale
Councillor Alan Sursham
Councillor Chris Webb

Yours sincerely



Chief Executive

For further information, please contact Democratic Services, 01372 732000 or democraticservices@epsom-ewell.gov.uk

EMERGENCY EVACUATION PROCEDURE

No emergency drill is planned to take place during the meeting. If the fire alarm sounds continuously, or if you are instructed to do so, you must leave the building by the nearest available exit. You will be directed to the nearest exit by council staff. It is vital that you follow their instructions.

- You should proceed calmly; do not run and do not use the lifts;
- Do not stop to collect personal belongings;
- Once you are outside, please do not wait immediately next to the building, but move to the assembly point at Dullshot Green and await further instructions; and
- Do not re-enter the building until told that it is safe to do so.

Public information

Please note that this meeting will be held at the Town Hall, Epsom and will be available to observe live on the internet

This meeting will be open to the press and public to attend as an observer using free GoToWebinar software, or by telephone.

A link to the online address for this meeting is provided on the first page of this agenda and on the Council's website. A telephone connection number is also provided on the front page of this agenda as a way to observe the meeting, and will relay the full audio from the meeting as an alternative to online connection. A limited number of seats will also be available in the public gallery at the Town Hall. For further information please contact Democratic Services, email: democraticservices@epsom-ewell.gov.uk, telephone: 01372 732000.

Information about the terms of reference and membership of this Committee are available on the [Council's website](#). The website also provides copies of agendas, reports and minutes.

Agendas, reports and minutes for the Committee are also available on the free Modern.Gov app for iPad, Android and Windows devices. For further information on how to access information regarding this Committee, please email us at Democraticservices@epsom-ewell.gov.uk.

Exclusion of the Press and the Public

There are no matters scheduled to be discussed at this meeting that would appear to disclose confidential or exempt information under the provisions Schedule 12A of the Local Government (Access to Information) Act 1985. Should any such matters arise during the course of discussion of the below items or should the Chairman agree to discuss any other such matters on the grounds of urgency, the Committee will wish to resolve to exclude the press and public by virtue of the private nature of the business to be transacted.

Questions from the Public

Questions from the public are permitted at meetings of the Committee. Any person wishing to ask a question at a meeting of the Committee must register to do so, as set out below.

Up to 30 minutes will be set aside for written or oral questions from any member of the public who lives, works, attends an educational establishment or owns or leases land in the Borough on matters within the Terms of Reference of the Audit, Crime & Disorder and Scrutiny Committee which may not include matters listed on a Committee Agenda.

All questions whether written or oral must consist of one question only, they cannot consist of multi parts or of a statement.

The question or topic may not relate to a specific planning application or decision under the Planning Acts, a specific application for a licence or permit of any kind, the personal affairs of an individual, or a matter which is exempt from disclosure or confidential under the Local Government Act 1972. Questions which in the view of the Chairman are vexatious or frivolous will not be accepted.

To register to ask a question at a meeting of the Committee, please contact Democratic Services, email: democraticservices@epsom-ewell.gov.uk, telephone: 01372 732000.

Written questions must be received by Democratic Services by noon on the tenth working day before the day of the meeting. For this meeting this is **Noon, 23 March 2022**.

Registration for oral questions is open until noon on the second working day before the day of the meeting. For this meeting this is **Noon, 5 April 2022**.

AGENDA

1. QUESTION TIME

To take any questions from members of the Public.

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 5 - 8)

The Committee is asked to confirm as a true record the Minutes of the Meeting of the Committee held on 3 February 2022 (attached) and to authorise the Chair to sign them.

4. COMMUNITY SAFETY PARTNERSHIP - ANNUAL REVIEW (Pages 9 - 22)

This report fulfils the statutory requirement to scrutinise the work of the Community Safety Partnership (CSP), in 2021-2022.

5. EXTERNAL AUDIT PLAN (Pages 23 - 84)

This report presents the External Audit Plan for 2021/22. In accordance with audit regulations, these items must be presented to Committee.

6. INTERNAL AUDIT PROGRESS REPORT 2021-2022 (Pages 85 - 102)

This report summarises progress against the Internal Audit Plan 2021-2022.

7. INTERNAL AUDIT PLAN 2022-2023 & INTERNAL AUDIT CHARTER (Pages 103 - 126)

This report introduces the Internal Audit Plan and Charter for 2022-2023.

8. ANNUAL REPORT OF THE AUDIT & SCRUTINY COMMITTEE (Pages 127 - 136)

This report presents the Annual Report of the Audit, Crime & Disorder and Scrutiny Committee for 2021-2022.

9. FOUR YEAR PLAN: PERFORMANCE REPORT 2021-2022 (Pages 137 - 146)

This report provides an update on the objectives and key performance indicators (KPI's) from the Annual Plan for 2021- 2022.

10. COMMITTEE WORK PROGRAMME 2022-2023 (Pages 147 - 150)

This report presents the Committee with the work programme for 2022-2023.

**Minutes of the Meeting of the AUDIT, CRIME & DISORDER AND SCRUTINY
COMMITTEE held on 3 February 2022**

PRESENT -

Councillor Steve Bridger (Chair); Councillor Nigel Collin (Vice-Chair); Councillors Arthur Abdulin, Liz Frost, Rob Geleit, David Gulland, Jan Mason (as nominated substitute for Councillor Previn Jagutpal) and Phil Neale

In Attendance: Neil Pitman (Head of Southern Internal Audit Partnership) (Southern Internal Audit Partnership (Internal Auditor)) (Items 28 - 31 only) and Natalie Jerams (Assistant Head of Partnership) (Southern Internal Audit Partnership (Internal Auditor)) (Items 28 - 31 only)

Absent: Councillor Previn Jagutpal, Councillor Alan Sursham and Councillor Chris Webb

Officers present: Gillian McTaggart (Head of Corporate Assurance), Brendan Bradley (Head of Finance), Sue Emmons (Chief Accountant), Will Mace (Business Assurance Manager) and Tim Richardson (Democratic Services Manager)

28 QUESTION TIME

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

29 DECLARATIONS OF INTEREST

No declarations of interest were made in relation to items of business to be discussed at the meeting.

30 MINUTES OF THE PREVIOUS MEETING

The Minutes of the previous meeting of the Audit, Crime & Disorder and Scrutiny Committee held on 18 November 2021 were agreed as a true record and signed by the Chair.

31 INTERNAL AUDIT PROGRESS REPORT

The Committee received a report summarising progress against the Internal Audit Plan.

The report was introduced by the Internal Auditor.

The following matters were considered by the Committee:

- **Rating of actions.** Following a question from a Member, the Internal Auditor informed the Committee that the priority rating of actions was assigned by Council officers and signed off by the Council's senior management. The priority rating would not be amended if the implementation of the action became overdue, but the action would be identified in the Auditor's report.
- **Implementation of internal Audit Plan.** Following a question from a Member, the Head of Corporate Assurance informed the Committee that the Council had sufficient internal resource to enable the implementation of the Internal Audit Plan.

Following consideration, the Committee unanimously resolved:

- (1) **To receive the internal audit progress report from Southern Internal Audit Partnership attached at Appendix 1 to the report.**

32 ANNUAL GOVERNANCE STATEMENT PROGRESS REPORT

The Committee received a report setting out progress on the actions contained in the Council's Annual Governance Statement. 2020-2021.

Following consideration, the Committee unanimously resolved to:

- (1) **Receive the update on progress in implementing the Action Plan contained within the Annual Governance Statement 2020-21.**

33 REVENUE BUDGET MONITORING - QUARTER 3

The Committee received a report presenting the forecast revenue outturn position for the current financial year 2021/22, as at Quarter 3 (31 December).

The following matters were considered:

- **Budget for planning appeals.** Following a question from a Member, the Head of Finance informed the Committee that the planning appeal budget allocation agreed by the Strategy and Resources Committee at its meeting on 27 January 2022 would be implemented through the Council's budget virement policies.
- **Financial recovery from Covid-19.** Following a question from a Member, the Head of Finance informed the Committee that a £600,000 contingency for the impact of Covid-19 was budgeted for 2022-23 and that strategy for managing the permanent impact of Covid-19 would be developed in advance of the budget setting process for 2023-24.
- **Organisation restructure.** Following a question from a Member, the Head of Finance informed the Committee that the organisational restructure undertaken in 2021 was costed to be budget neutral. The

Chair provided the Committee with an update on the number of current staff vacancies.

- **Pension contributions.** Following a question from a Member, the Head of Finance informed the Committee of the processes followed by the Council to validate the cost of 'compensatory added years'. This included checking the names of claimants against historic records and challenging the pension administrator on the controls it had in place.

Following consideration, the Committee unanimously resolved to:

- (1) **Receive the revenue budget monitoring report, which projects a £2.38m budget deficit for 2021/22, along with provisional funding for the deficit;**
- (2) **Note that the provisional outturn position will be reported back to this Committee in July.**

34 CAPITAL BUDGET MONITORING - QUARTER 3

The Committee received a report presenting the capital monitoring position at Quarter 3 for the current financial year 2021/22.

The following matters were considered:

- a) **Investment of CIL finds.** Following a question from a Member, the Chief Accountant informed the Committee that Community Infrastructure Levy funds held by the Council were invested in accordance with the Council's Treasury Management Strategy.
- b) **Joint Infrastructure Group.** The Committee noted that the Joint Infrastructure Group had not met for an extended period of time and requested officers to look into this matter.
- c) **Updates on CIL projects.** Members requested that future reports to the Committee should provide more detailed updates on CIL project progress where possible. The Chief Accountant informed the Committee that this was due to a lag created by publication requirements, but that she would look at ways in which this could be reduced for future reports.
- d) **Members' communications.** A Member asked whether Stage 2 of the Microsoft 365 project referenced on page 63 of the agenda would address an issue that had been identified with regard to access to the weekly Members communication. It was noted that a response to this query would be provided by officers following the meeting.
- e) **Hogsmill streams.** A Member asked whether works to the Hogs mill streams detailed on page 64 of the agenda also included the Bonesgate.

It was noted that a response would be provided by officers following the meeting.

Following consideration, the Committee unanimously resolved to:

- (1) Receive the capital monitoring position at Quarter 3, as set out in the report;**
- (2) Note the progress of capital projects as set out in Appendix 1 to the report.**

35 WORK PROGRAMME 2021/22

The Committee received a report presenting the work programme for 2021/22.

The following matter was considered:

- **Request for post implementation review of Council restructure.** The Committee noted that the Scrutiny officer had received a request for the Committee to consider a review of the Council wide staffing restructure, to realign resources, which was implemented on 1 September 2021. The Committee considered that further detail on the nature of the requested review was required prior to making a decision on whether it would be added to the work plan and asked officers to seek this information for consideration at the next meeting.

Following consideration, the Committee unanimously resolved to:

- (1) Note and agree the on-going work programme for 2021/22 attached at Appendix 1 to the report.**
- (2) Request officers to seek further information on the nature of the requested post implementation review of the Council restructure, for consideration at the Committee's next meeting.**

The meeting began at 7.30 pm and ended at 8.48 pm

COUNCILLOR STEVE BRIDGER (CHAIR)

COMMUNITY SAFETY PARTNERSHIP - ANNUAL REVIEW

Head of Service:	Rod Brown, Head of Housing & Community
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	
Appendices (attached):	Epsom and Ewell Community Safety Partnership Priorities

Summary

This report fulfils the statutory requirement to scrutinise the work of the Community Safety Partnership (CSP), in 2021-2022.

Recommendation (s)

The Committee is asked to:

(1) Note and comment on the work of the CSP

1 Reason for Recommendation

- 1.1 As part of the Police and Justice Act 2006, councils are required to allocate the scrutiny of the local CSP to one of their committees to ensure that the CSP is publicly accountable.
- 1.2 While many of the participants of the CSP including local authorities, police and health services operate under their own scrutiny processes, local council committee is not required to duplicate that but to look at the work of the CSP as a whole.

2 Background

- 2.1 The Crime and Disorder Act 1998 established the principle of partnership working on a formal basis and through several legislative adjustments. This partnership working now active in Epsom and Ewell through the Epsom and Ewell Community Safety Partnership.
- 2.2 The partnership consists of the following agencies:

- Epsom & Ewell Borough Council (Chair and secretariat)
- Chair of the Epsom & Ewell Borough Council Environment and Safe Communities Committee
- Elected Member from Surrey County Council (Local Area Committee nominee)
- Surrey Police Safer Neighbourhoods Team
- Surrey Police and Crime Commissioner's Office
- Surrey Heartlands Crime Commissioning Group
- Surrey County Council Community Safety Team
- Rosebery Housing Association
- Probation Services
- Epsom Business Improvement District

2.3 During the year the partnership identified and agreed on the following priorities:

- Priority 1: Focus on the most vulnerable or those at risk of harm
- Priority 2: Serious Organised Crime and PREVENT
- Priority 3: Identify and tackling crime and antisocial behaviour
- Priority 4: Improve Community Engagement

Within each broad priority there exist key objectives, for example priority 1 includes actions around Domestic Homicide Reviews, the Community Trigger, Violence against Women and Girls and Domestic Assault.

2.4 The partnership priorities are published on the Council's website and are reproduced as an appendix to this report. Following scrutiny from the Environment and Safer Communities Committee in 2021, a revised approach was taken in the presentation of the actions which now include timescales and a status. In this document a status of blank indicates the action has yet to begin but is within timescales, red indicates the task, project or initiative has yet to commence and is overdue. A status of orange designates it has having started but not concluded and a status of green appears when it has been delivered.

- 2.5 The mechanisms by which much of the action of the CPS is delivered include the regular Community Harm and Risk Reduction Meetings (CHaRMM) which focus on problem solving around victims and perpetrators, and the Joint Action Groups (JAG), which are problem solving meetings based on geographical boundaries. Additionally, a programme of Serious Organised Crime Joint Action Groups (SOCJAG), whereby Surrey Police provide and request intelligence from partner agencies recognising that these agencies are well placed to provide information on suspects given their role in the community.
- 2.6 In 2021-2022 the partnership undertook monthly CHaRMM meetings and SOCJAGS every eight weeks. Five full JAGS were held based around problematic areas as nominated by CSP partners. Various pre-JAG discussions were held where outcomes were found without the need for a full JAG, or where the problem was limited enough not to warrant this type of partnership approach.
- 2.7 The partnership received and held panel meetings for 4 applications for an ASB case review also known as the “community trigger”. It was agreed that all four met the threshold for examination and certain further actions were identified. Additionally the community trigger panel met to consider a long running application from the previous year.

3 Risk Assessment

Legal or other duties

3.1 Impact Assessment

- 3.1.1 The scrutiny of CSP arrangements is written into law and acts to enhance public accountability of partnership activities.

3.2 Crime & Disorder

- 3.2.1 The work of the CSP inherently seeks to reduce crime and disorder through partnership work.

3.3 Safeguarding

- 3.3.1 Many of the identified priorities of the CSP are covered by the broad subject of safeguarding and the safeguarding of vulnerable children and adults is a key consideration of the various elements of the CSP.

3.4 Dependencies

- 3.4.1 The partnership’s success is dependent on the contribution from all agencies.

4 Financial Implications

- 4.1 Although the CSP consists of a variety of statutory and non statutory partners, Epsom & Ewell Borough Council bears the costs of supporting the main CSP which were undertaken within budget whilst Police have traditionally taken the role of Chair and secretary of the CHaRRM meetings. JAG meetings can be chaired by which ever partner calls for them but typically it is the Borough Council which holds responsibility for the operation of the CSP.
- 4.2 The Council has one Community Safety and Enforcement Officer supported by the Public Protection Manager. Together they are responsible for supporting the work of the CSP. Currently the Head of Housing and Community acts as Chair of the CSP.
- 4.3 **Section 151 Officer's comments:** None arising from the contents of this report.

5 Legal Implications

- 5.1 Data sharing is provided by agency's signatories to the Multi Agency Information Sharing Protocol (MAISP), which is a legally compliant way of sharing necessary information about subjects for the prevention and detection of crime.
- 5.2 **Legal Officer's comments:** none arising from the contents of this report

6 Policies, Plans & Partnerships

- 6.1 **Council's Key Priorities:** The following Key Priorities are engaged: Safe and Well
- 6.2 **Service Plans:** The matter is not included within the current Service Delivery Plan.
- 6.3 **Climate & Environmental Impact of recommendations:** There is negligible impact on the climate or environmental considerations in the operation of the CSP alone. Since the beginning of the pandemic the main CSP meeting has taken place virtually which reduces the need to travel.
- 6.4 **Sustainability Policy & Community Safety Implications:** It is expected the CSP will enhance community safety for the reasons set out in this report.
- 6.5 **Partnerships:** The Community Safety Partnership is a statutory partnership whose operation complements the day to day functions of those agencies involved.

7 Background papers

7.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Audit, Crime and Disorder and Scrutiny Committee 8 April 2021

Other papers:

- Epsom and Ewell CSP priorities (attached as appendix 1)

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Epsom and Ewell Community Safety Partnership
Community Safety Action Plan
2022-2024

What is the Epsom and Ewell Community Safety Partnership?

The Crime and Disorder Act 1998, as amended by the Police Reform Act 2002 and the Police and Justice Act 2006, requires responsible authorities to work together alongside the community and voluntary sector to develop and implement strategies for reducing crime and disorder in their area. The responsible authorities are:

- District and Borough Councils
- County Councils
- Police
- Fire & Rescue Service
- National Probation Service
- Clinical Commissioning Groups

The Epsom and Ewell CSP also includes the following important non statutory members:

- Rosebery Housing Association
- The Epsom Business Improvement District
- Office of the Surrey Police and Crime Commissioner

Surrey Community Safety Agreement

Two tier authorities such as Surrey are required, under Section 17 of the Crime and Disorder Act 1998 (as amended by the Police and Justice Act 2006), to have a County Community Safety Agreement (CSA). It sets out how responsible authorities will work together to identify and address shared priorities to reduce crime and disorder. More information can be found at [Surrey County Council Community Safety](#).

Surrey Police and Crime Commissioner

Lisa Townsend is the Police and Crime Commissioner (PCC) for Surrey. The PCC is responsible for overseeing the work of Surrey Police, holding the Chief Constable to account, and helping to tackle crime issues in Surrey in accordance with the [Police and Crime Plan](#).

How do we address Community Safety in the borough of Epsom and Ewell?

Community Harm and Risk Management Meeting (CHaRMM)

Community Harm and Risk Management Meetings (CHaRMMs) will discuss and agree action to reduce the negative impact that problem individuals and families have on Surrey's communities through their anti-social behaviour. Using the expertise that exists on this multi-agency group, members will share information on high-risk cases and incidents and put in place appropriate risk management plans to address the behaviour of the perpetrator and reduce the negative impact on victims.

CHaRMMs are accountable to local Community Safety Partnerships (CSPs) and the overarching, Surrey Community Safety Board, and should contribute to the delivery of local community safety partnerships plans and the overarching strategies of the county Community Safety Board.

Joint Action Groups (JAGs)

Joint Action Groups (JAGs) will address crime and disorder issues that have been identified through the analysis of intelligence and statistics provided by all community safety partner agencies. Utilising the expertise that exists on the group it will identify desirable outcomes and determine the actions and interventions to be used to achieve these outcomes.

JAGs decide priorities, agree action plans, allocate resources, and ensure there is a co-ordinated response to issues highlighted at the JAG and contained within Community Safety Partnership Plans. They play a key role in developing effective partnership responses to crime and disorder and anti-social behaviour reduction.

Community Safety Partnership Priorities 2022-2024

Priority 1	Focus on the most vulnerable or those at risk of harm
Priority 2	Serious Organised Crime and PREVENT
Priority 3	Identify and tackling crime and antisocial behaviour
Priority 4	Improve Community Engagement

Priority 1 - Focus on the most vulnerable or those at risk of harm

The Community Safety Partnership will focus on those who are vulnerable or at risk of harm. We will work together as partner agencies to provide appropriate levels of support to victims of crime or antisocial behaviour.

What will we do to achieve this?

1. Improve our response to Domestic Abuse by ensuring legislation and recommendations are implemented.
2. Ensure processes and referral systems are in place to support the most vulnerable
3. Identify emerging issues and work together to address the issues

Key objectives to measure

Lead Agency	Objective	Measure	Timescale	RAG Status
Police / EEBC	CHARMM meetings to occur monthly	Reduces the risk to vulnerable residents through partner agency working	Monthly review of agency attendance	
ALL	Ensure Domestic Abuse awareness training for staff reflects changes in legislation	Up to date training for all staff will reduce risk to victims	Annual report from agencies	
SCC/EEBC	Deliver the Ask Us DA project	Delivery of the project Promote 'Ask Us' on social media	Delivered quarterly	
EEBC / DHR oversight Group	Ensure DHR's are implemented, and recommendations are enforced. DHR Oversight Group reviewing a centralised process for Surrey	Review DHR's ensure actions are referred to agencies and outcomes monitored Ensure local CSP are aware of the findings of the DHR oversight Group	Review actions and follow up where necessary	
EEBC	Community trigger ASB reviews delivered in line with Surrey Policy	Applications received and processed in a timely manner	Reviewed quarterly by CSP	
EEBC	Joint Action Groups to occur for identified areas of concern	Monitor data and area referrals from partner agencies	Reviewed quarterly by CSP	
Police / EEBC	Violence Against Women and Girls (VAWG) – Identify areas of concern	Monitor the Street Safe information submitted and crime figures	Review 6 monthly	
EEBC	EEBC to sign up to the ASB Help Pledge	Uniformed approach across partner agencies to responding to Antisocial behaviour	Review in 6 months	

Priority 2 - Serious Organised Crime and PREVENT

The Community Safety Partnership want to have a monitored, targeted, and sustained approach to Serious Organised Crime. We hold Serious Organised Crime Joint Action Group (SOCJAG) for information sharing and disruption. This includes the following areas:

Exploitation - Child/Criminal/Sexual

Human Trafficking

Modern Day Slavery

Organised Immigration

Serious Violent Crime

County Lines

Cuckooing

Online Fraud

PREVENT (The government PREVENT strategy on terrorism and extremism)

What will we do to achieve this?

1. Partner agency working to prevent and tackle serious organised crime
2. Disrupt serious organised crime groups within the borough
3. Reduce the risk of radicalisation by promoting positive relations between different communities and show a united position against all types of hate crime that target specific communities

Key Objectives to measure

Lead Agency	Objective	Measure	Timescale	RAG Status
Police	SOCJAG to discuss emerging issues, intelligence, and disruption between agencies	Meeting takes place every 8 weeks	Review of attendance each meeting	
Police / EEBC	Intelligence package is shared and disseminated appropriately	To ensure intelligence and information is acted upon	Review intelligence package for each meeting	
Police	Surrey Police discussed cuckooed addresses and closure orders with agencies via partner agency forums	To ensure vulnerable people are identified and agencies are aware of all concerns	Review all closure orders with ASB case builder in Surrey Police	
ALL	Ensure agencies and relevant staff are aware of the Protect duty and PREVENT training is up to date	Staff are fully aware of their responsibilities including ACT awareness training / Run, Hide, Tell where appropriate	Annual review of training	

Priority 3 - Identify and tackling crime and antisocial behaviour

The Community Safety Partnership want to ensure crime and antisocial behaviour is dealt with appropriately.

What will we do to achieve this?

1. Address antisocial behaviour (ASB) and the wider effect it has on the community
2. Review issues using a multi-agency approach
3. Understand that collaborative working results in a more successful outcome
4. Use appropriate enforcement and intervention methods
5. Focus on Town centre safety including alcohol related crime
6. Tackle emerging patterns of crime and antisocial behaviour

Key Objectives to measure

Lead Agency	Objective	Measure	Timescale	RAG Status
Police / EEBC	Community Harm and Risk Management Meetings (CHARMM) attended monthly by all statutory partners	To ensure collaborative working for a more successful outcome	Review attendance at the CHARMM monthly	
EEBC	Joint Action Groups (JAGs) arranged according to issues raised via all parties and based on collated data.	JAGs identify issues and partner agency response to improving the area	JAGs are reviewed quarterly by CSP	
EEBC	Review town centre crime data regularly to identify emerging patterns	Identify areas of concerns and address via relevant partner agency meetings - JAG	Data check every 6 months	
Police / EEBC	Police and EEBC to identify licensed premise where incidents occur and consider premises licence review of other measures	Reduce risk of incidents occurring in licensed premise	Incident specific. Addressed at 6 weekly enforcement meeting	
EEBC / Police	Review of crime data and areas of concern identified	Early intervention to prevent escalation of incidents	Emerging issues identified in 6 weekly enforcement meeting	

Priority 4 - Improve Community Engagement

The Community Safety Partnership want to improve engagement with the community to address issues and ensure members feel heard.

What will we do to achieve this?

1. Use engagement opportunities to promote and support local and national awareness campaigns
2. Provide crime prevention and community safety advice e.g. relating to domestic abuse, antisocial behaviour, scams and burglaries.
3. Increase reporting of actions being taken by statutory organisations to tackle crime including successful outcomes
4. Work with schools to promote key community safety messages to young people

Key Objectives to measure

Lead Agency	Objective	Measure	Timescale	RAG Status
Police / EEBC	Joint initiatives to engage with the community – inc. meet the beat, ASB events, Facebook lives	Improve relationship with community and raise awareness	Annual review of events attended	
Police / EEBC	Joint action days – Traffic events including waste licensing and VOSA	To reduce criminal activity in the borough and take enforcement action	Annual review of events attended	
EEBC/ Police	Social media awareness – unified messaging	Social Media strategy to include unified messaging	Reviewed at enforcement meeting 6 weekly	
Police	Youth engagement officers to engage with schools and Fearless campaign	Promote key community safety messages to young people	6 monthly review of school engagement	
ALL	Ensure staff training is up to date reflecting community safety issues and awareness	Staff being aware of community safety issues reduces risk to public	Annual review of staff training	

Glossary of Acronyms

ACT	Action Counters Terrorism
ASB	Antisocial Behaviour
CHaRMM	Community Harm and Risk Management Meeting
CSA	Community Safety Agreement
CSP	Community Safety Partnership
DA	Domestic Abuse
DHR	Domestic Homicide Review
EEBC	Epsom and Ewell Borough Council
JAG	Joint Action Group
PCC	Police and Crime Commissioner
PREVENT	An element of the national counter terrorism strategy
SCC	Surrey County Council
SOCJAG	Serious Organised Crime Joint Action Group
VAWG	Violence Against Women and Girls
VOSA	Vehicle and Operator Services Agency

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EXTERNAL AUDIT PLAN

Head of Service:	Brendan Bradley, Head of Finance
Wards affected:	(All Wards);
Urgent Decision?	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	1 – External Audit Plan 2021/22 2 – Management Responses to Auditors' Enquiries

Summary

This report presents the External Audit Plan for 2021/22. In accordance with audit regulations, these items must be presented to Committee.

Recommendation (s)

The Committee is asked to:

- (1) Receive the External Audit Plan for 2021/22
- (2) Consider and approve the management responses to Grant Thornton's enquiries, as set out in Appendix 2.

1 Reason for Recommendation

- 1.1 The annual audit is an integral part of the controls in place for ensuring that the Council achieves its key Corporate Plan priority of being an Effective Council.
- 1.2 The recommendations will also enable to Council to meet its statutory obligations with regard to external audit.

2 Background

- 2.1 Grant Thornton provides the Council's external audit work. The 2020/21 external audit provided the Council with an unqualified (favourable) opinion on the accounts. Strategy and Resources Committee received Grant Thornton's Audit Findings Report for 2020/21 at its meeting in September 2021, and the Annual Audit Report on 27 January 2022.
- 2.2 In February 2022, Full Council agreed changes to committee terms of reference, meaning from 1 April 2022, external audit items will be presented to Audit, Crime & Disorder and Scrutiny Committee, instead of Strategy & Resources Committee.

3 Proposals

- 3.1 Grant Thornton has prepared an audit plan for the 2021/22 Statement of Accounts as shown in Appendix 1.
- 3.2 The plan outlines the key risks and requirements for 2021/22 and will be presented by Grant Thornton's engagement lead, Paul Cuttle, who will be available at the meeting to answer any questions from Members.
- 3.3 Officers are satisfied that the audit plan addresses the key financial and governance issues.
- 3.4 The Committee is asked to receive the External Audit Plan for 2021/22 (Appendix 1).
- 3.5 Grant Thornton will undertake the external audit in accordance with International Standards on Auditing (ISAs). Under ISA240 guidance, Grant Thornton submitted a number of audit queries to management, to inform its risk assessment for the audit.
- 3.6 ISAs emphasise the importance of two-way communication between auditors and audit committees. As such, Grant Thornton has requested that Audit, Crime & Disorder and Scrutiny Committee consider whether the management responses to the audit queries, at Appendix 2, are consistent with members' understanding and whether there are any further comments the committee wishes to make.

4 2020/21 Housing Benefit Subsidy Certification

- 4.1 The statutory deadline for the certification of the Council's 2020/21 Housing Benefit Subsidy claim was 31 January 2022, which was subsequently extended to 28 February 2022. Owing principally to resource issues at Grant Thornton, audit work on the certification is still to be completed and the deadline has not been met.

- 4.2 The Council has requested an extension to the deadline from the Department of Work and Pensions, and has been assured that no financial penalty is expected to apply, as similar resourcing issues are prevalent nationwide at a high number of local authorities and audit firms.
- 4.3 Grant Thornton has advised that it plans to complete the certification work in April.
- 4.4 A progress update will be provided at the next ACDS Committee meeting.

5 Risk Assessment

Legal or other duties

- 5.1 Equality Impact Assessment
 - 5.1.1 None arising from the contents of this report.
- 5.2 Crime & Disorder
 - 5.2.1 None arising from the contents of this report.
- 5.3 Safeguarding
 - 5.3.1 None arising from the contents of this report.
- 5.4 Dependencies
 - 5.4.1 None arising from the contents of this report.
- 5.5 Other
 - 5.5.1 The audit of the Council's financial statements and Housing Benefits subsidy claim comprise a key element of the Council's governance arrangements.

6 Financial Implications

- 6.1 The main Statement of Accounts audit base fee for 2020/21 was proposed at £59,675, although this fee is still subject to confirmation by Public Sector Audit Appointments Limited.
- 6.2 The Council has budgeted for an audit fee at this level in the coming years.
- 6.3 Once the 2020/21 fee is confirmed, Grant Thornton will propose a fee for 2021/22.

- 6.4 The Council expects to receive a grant towards the audit fee from the Department of Levelling Up, Housing and Communities (DLUHC). For 2020/21, the grant is expected to be £17,746. For 2021/22 grant allocations still to be confirmed by DLUHC.
- 6.5 **Section 151 Officer's comments:** The External Audit Plan for 2021/22 forms part of the external audit process for the Council. The Council received an unqualified (favourable) opinion on its Statement of Accounts from the external auditor for 2020/21; the only Council in Surrey to achieve this within the statutory 30 September deadline.

7 Legal Implications

- 7.1 The Local Audit and Accountability Act 2014 sets out the framework for audit of local authorities. Grant Thornton's work is undertaken in the context of the Statement of Responsibilities of Auditors and Audit Bodies issued by the Comptroller and Auditor General.
- 7.2 **Legal Officer's comments:** None arising from the contents of this report.

8 Policies, Plans & Partnerships

- 8.1 **Council's Key Priorities:** The following Key Priorities are engaged: Effective Council
- 8.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 8.3 **Climate & Environmental Impact of recommendations:** No specific implications.
- 8.4 **Sustainability Policy & Community Safety Implications:** No specific implications.
- 8.5 **Partnerships:** No specific implications.

9 Background papers

- 9.1 The documents referred to in compiling this report are as follows:

Previous reports:

- 2020/21 Statement of Accounts and Audit Findings Report – Strategy & Resources Committee, 21 September 2021.
- External Audit Update – Strategy & Resources Committee, 27 January 2022.

Other papers:

- None.

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Epsom and Ewell Borough Council audit plan

Year ending 31 March 2022

Epsom and Ewell Borough Council
March 2022
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Significant improvements from the Financial Reporting Council's (FRC) quality inspection

On 29 October, the FRC published its annual report setting out the findings of its review of the work of local auditors. The report summarises the results of the FRC's inspections of twenty audit files for the last financial year. A link to the report is here: [FRC AQR Major Local Audits October 2021](#)

Grant Thornton are one of seven firms which currently delivers local audit work. Of our 330 local government and NHS audits, 87 are currently defined as 'major audits' which fall within the scope of the AQR. This year, the FRC looked at nine of our audits.

Our file review results

The FRC reviewed nine of our audits this year. It graded six files (67%) as 'Good' and requiring no more than limited improvements. No files were graded as requiring significant improvement, representing an impressive year-on-year improvement. The FRC described the improvement in our audit quality as an 'encouraging response by the firm to the quality findings reported in the prior year'. Our Value for Money work continues to be delivered to a high standard, with all of the files reviewed requiring no more than limited improvement. We welcome the FRC findings and conclusions which demonstrate the impressive improvement we have made in audit quality over the past year.

The FRC also identified a number of good practices including effective challenge of management's valuer, use of an auditor's expert to assist with the audit of a highly specialised property valuation, and the extent and timing of involvement by the audit partner on the VFM conclusion.

Our results over the past three years are shown in the table below:

Grade	Number 2018/19	Number 2019/20	Number 2020/21
Good with limited improvements (Grade 1 or 2)	1	1	6
Improvements required (Grade 3)	2	5	3
Significant improvements required (Grade 4)	1	0	0
Total	4	6	9

Our continued commitment to Audit quality and continuous improvement

Our work over the past year has been undertaken during the backdrop of COVID, when the public sector has faced the huge challenge of providing essential services and helping safeguard the public during the pandemic. Our NHS bodies in particular have been at the forefront of the public health crisis. As auditors we have had to show compassion to NHS staff deeply affected by the crisis, whilst staying focused on the principles of good governance and financial management, things which are more important than ever. We are very proud of the way we have worked effectively with audited bodies, demonstrating empathy in our work whilst still upholding the highest audit quality.

Over the coming year we will make further investments in audit quality including strengthening our quality and technical support functions, and increasing the level of training, support and guidance for our audit teams. We will address the specific improvement recommendations raised by the FRC, including:

- Enhanced training for local auditors on key assumptions within property valuations, and how to demonstrate an increased level of challenge
- Formalising our arrangements for the consideration of complex technical issues by Partner Panels.

As part of our enhanced Value for Money programme, we will focus on identifying the scope for better use of public money, as well as highlighting weaknesses in governance or financial stewardship where we see them.

Conclusion

Local audit plays a critical role in the way public sector audits an society interact, and it depends on the trust and confidence of all those who rely on it. As a firm we're proud to be doing our part to promote good governance, effective stewardship and appropriate use of public funds

Key matters

Factors

Council developments

The Council’s financial position in 2021/22 continued to be challenging amidst the outbreak of new variants of COVID-19 which had a major impact on the Council’s finances and services. The updated projection at quarter 3 presented to the February 2022 Audit, Crime & Disorder and Scrutiny committee meeting is for a budget deficit of £2.38m this year, a decrease of £290k from the position reported at quarter 2. The main reason for the deficit is attributable to the net under recovery of car park income at £1.06m, underbudget on income from sports, leisure and cultural of £617k and reduction in income from development control and business control services for £229k and £137k, respectively. The expenditures on homelessness also projects an adverse variance of £519k which increases the budget pressures for 2021/22. At quarter 3, the general fund balance remains forecast to reduce to £2.5m (from £3.383m) by the end of 2021/22. On the other hand, the Council’s budget includes £0.6m expected dividend income from Epsom and Ewell Property Investment Company, generated from its two commercial properties. Income from EEPIC is forecast to be on budget, with rent to date on track from tenants. The Council has taken actions to mitigate the projected budget deficit such as utilisation of £950k contingency included in the budget, claims submitted to DLUHC for lost income to 30 June 2021 of £506k and managing the increased expenditure on homelessness by bringing Defoe Court into use and collaboration with housing association to identify alternative accommodation options. Any remaining budget pressures is expected to be funded by the Council’s reserves.

Recovery from COVID-19 pandemic

The outbreak of the COVID-19 coronavirus pandemic continued to have a significant impact on the Council’s normal operations during the year. This has significant impact on budget pressures on different services that the Council renders most especially on other funding streams such as income from car parks and Council venues. Although the Council is on track on its savings delivery of £317k for 2021/22, the savings opportunity as a result of COVID-19 is not sufficient to offset the increased expenditures primarily on homelessness.

The pandemic also had a knock-on effect on capital projects. On the quarter 3 capital budget monitoring presented in the February 2022 Audit, Crime & Disorder and Scrutiny committee meeting, the projected expenditure for the full year is £2.143m, £2.117m less than the £4.26m budget. The main variances are: the DFG programme for £744k which was hampered by COVID-19 and resourcing issues earlier in the year; the replacement of the Council street lamp columns project for £415k which has been delayed to 2022 due to limited resources; the Replacement of CRM and Data Warehouse project for £380k which is subject to a procurement exercise; the Hogsmill streams repairs for £252k in which works for which are reliant on suitable weather conditions; the football pitch draining project for £90k which is on hold whilst further investigations take place; and the Playhouse works for £128k, which are scheduled for August 2022. The DFG programme continues to be hindered from COVID-19 effects, such as contractor availability and the sourcing of certain materials. The DFG team have been working at a 25% reduced capacity since December 2020.

Our response

- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set further in our Audit Plan
- We will consider your arrangements for managing and reporting your financial resources as part of our work in completing our Value for Money work.
- Where any actions have been agreed in respect of matters identified through previous audit work, either on the financial statements or in respect of work on arrangements to secure VFM, the planning report should include reference to consideration of progress against previously agreed recommendations.
- We have identified an increased incentive and opportunity for organisations in the public sector to manipulate their financial statements due to increasing financial pressures. We have identified a significant risk in regards to management override of control, revenue and expenditure recognition – refer to page 9-11.

Key matters

Factors	Our response
<p>CIFA Code consultation</p> <p>In February 2022, CIPFA / LASAAC took the unusual step of issuing an exceptional consultation on time limited changes to the Code of Practice on LA Accounting. Changes being consulted on are an adaptation to allow authorities to pause professional valuations for operational PPE for a period of up to two years from 2021/22 and deferring the implementation of IFRS 16 Leases for a further year to 2023/24.</p> <p>The consultation is for a four-week period and closed on 3 March 2022. If the proposals are supported, formal approval processes would need to take place before any changes to the 2021/22 Code are confirmed. We will keep you updated on any developments in this regard and will revise our audit plan as we deem necessary.</p>	<ul style="list-style-type: none">• We will continue to provide you with sector updates via our Audit, Crime & Disorder and Scrutiny Committee updates and will communicate separately any change in our audit approach.

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Epsom and Ewell Borough Council ('the Council') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Epsom and Ewell Borough Council. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council and group's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit, Crime & Disorder and Scrutiny Committee); and we consider whether there are sufficient arrangements in place at the Council and group for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management or the Audit, Crime & Disorder and Scrutiny Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk based.

Group Audit

The Council is required to prepare group financial statements that consolidate the financial information of Epsom and Ewell Property Investment Company (EEPIC).

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Risk of fraud in revenue recognition
- Risk of fraud in expenditure recognition
- Management override of controls
- Valuation of land and buildings
- Valuation of net pension liability

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £1m (PY 0.9m) for the group and £0.9m (PY £0.8m) for the Council, which equates to 2% of your prior year gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £0.053m (PY £0.045m).

Value for Money arrangements

At the time of writing, our risk assessment regarding your arrangements to secure value for money is ongoing. We will report to the committee meeting any risk of significant weakness we identified from the results of our risk assessment.

Introduction and headlines



Audit logistics

Our interim visit will take place in March 2022 and our final visit will take place between June-September 2022. Our key deliverables are this Audit Plan, our Audit Findings Report and Auditor's Annual Report.

Our fee for the audit is to be confirmed. The fee published by the PSAA in March 2021 was £36,825 but does not take into account recurring annual variations arising from changes in the Code of Audit Practice, new auditing and accounting standards and regulatory requirements. We will update the the Audit, Crime & Disorder and Scrutiny Committee with a proposed fee once prior year fee variations have been agreed with the PSAA. For comparison the proposed fee for 2020/21 was £59,675.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements..

Group audit scope and risk assessment

In accordance with ISA (UK) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Individually Significant?	Level of response required under ISA (UK) 600	Risks identified	Planned audit approach
Epsom and Ewell Borough Council	Yes		See pages 9-12	Full scope audit performed by Grant Thornton UK LLP.
Epsom and Ewell Borough Property Investment Company (EEPIC)	Yes		<p>EEPIC constitutes a significant component of your group, and is wholly owned by you.</p> <p>Elements of the financial statements of EEPIC including investment properties are material to your financial statements.</p>	<p>The audit of EEPIC will be delivered by a separate auditor.</p> <p>We will perform sufficient work on this material balance to enable us to gain assurance that your group financial statements are not materially misstated.</p>

Audit scope

- Audit of the financial information of the component using component materiality
- Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions	Council	<p>Under ISA 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Our judgement is that the significant risk at the Council relates to the improper recognition of grants with terms and conditions attached. We will therefore target our audit work in this area of the revenue. We note from our initial discussions with management, that significant COVID-19 funding has been received during 2021/22. We will specifically consider this funding stream as part of our consideration of grants with terms and conditions.</p> <p>Having considered the risk factors set out in ISA240 and nature of the revenue streams at Epsom and Ewell Borough Council and the group, we have determined that the risk of fraud arising from revenue recognition on the remaining revenue streams can be rebutted, because:</p> <ul style="list-style-type: none"> • There is little incentive to manipulate revenue recognition • Opportunities to manipulate revenue recognition are very limited • The culture and ethical frameworks of local authorities, including Epsom and Ewell Borough Council, mean that all forms of fraud are seen as unacceptable. 	<p>We plan to perform the following procedures to address the risk:</p> <ul style="list-style-type: none"> • Test a sample of grant income to underlying evidence of award to check that revenue has been recognised in line with any terms and conditions attached to the funding • Request management to prepare an analysis of all COVID-19 funding received in year, along with the proposed accounting treatment for each funding stream. We will select a sample of COVID-19 funding, review evidence of award to check with terms and conditions and conclude on whether management's treatment of the funding in the financial statements is appropriate • Review and discuss with management any accounting estimates relating to revenue recognition.

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Risk of fraud related to expenditure recognition PAF Practice Note 10	Group and Council	<p>In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period.</p> <p>Management could defer recognition of non-pay expenditure by under-accruing for expenses that have been incurred during the period but which were not paid until after the year-end or not record expenses accurately in order to improve the financial results.</p>	<p>We will:</p> <ul style="list-style-type: none"> • inspect transactions incurred around the end of the financial year to assess whether they had been included in the correct accounting period; • Inspect a sample of accruals made at year end for expenditure other than payroll but not yet invoiced to assess whether the valuation of the accrual was consistent with the value billed after the year; and • Investigate manual journals posted as part of the year end accounts preparation that reduces expenditure to assess whether there is appropriate supporting evidence for the reduction in expenditure.
Management over-ride of controls	Council	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>You face external scrutiny of your spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Evaluate the design effectiveness of management controls over journals; • Analyse the journals listing and determine the criteria for selecting high risk unusual journals; • Test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • Gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and • Evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings	Group and Council	<p>On 3 February 2022 CIPFA LASAAC launched a consultation on proposals for an update of the 2021/22 Code relating to the approach to measurement of operational property, plant and equipment. It is our understanding that the Council has responded to this consultation in favour of pausing the professional valuation for operational property, plant and equipment. Our assessment of this risk is made before any decision is taken regarding this proposal.</p> <p>You revalue your land and buildings on a rolling five yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in your financial statements is not materially different from the current value at the financial statements date, where a rolling programme is used.</p> <p>The Group holds investment properties of £113m valued at fair value as at 31 March 2021. The valuation approach for investment properties is not affected by the consultation and therefore regardless of the outcome of the consultation, special audit consideration will be given to this account.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement. Should changes arise to the Code following the consultation we will consider whether this impacts on our assessment of this risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • Evaluate the competence, capabilities and objectivity of the valuation expert; • Write to the valuer to confirm the basis on which the valuation was carried out; • Challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the valuer's report and the assumptions that underpin the valuation; • Test revaluations made during the year to see if they had been input correctly into your asset register; and • Evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability	Council	<p>Your pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£46.2 million in your balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council’s pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none">• Update our understanding of the processes and controls put in place by management to ensure that the Council’s pension fund net liability is not materially misstated and evaluate the design of the associated controls;• Evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary’s work;• Assess the competence, capabilities and objectivity of the actuary who carried out the Council’s pension fund valuation;• Assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability;• Test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;• Undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor’s expert) and performing any additional procedures suggested within the report; and• Obtain assurances from the auditor of Surrey County Council Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Accounting estimates and related disclosures

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* which includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

Introduction

Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit, Crime & Disorder and Scrutiny Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2022. Based on our knowledge of the Council we have identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings, council dwellings and investment properties
- Depreciation
- Year end accruals
- Valuation of defined benefit net pension fund liabilities
- Fair value estimates



Accounting estimates and related disclosures

The Council's Information systems

In respect of the Council's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Council uses management experts in deriving some of its more complex estimates, e.g. asset valuations and pensions liabilities. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Council (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.

Estimation uncertainty

Under ISA (UK) 540 we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- What the assumptions and uncertainties are;
- How sensitive the assets and liabilities are to those assumptions, and why;
- The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and
- An explanation of any changes made to past assumptions if the uncertainty is unresolved.

Planning enquiries

As part of our planning risk assessment procedures we have sent enquiries to management and to Audit, Crime & Disorder and Scrutiny Committee. We would appreciate a prompt response to these enquiries in due course.

Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540-Revised-December-2018-final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540-Revised-December-2018-final.pdf)

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your 2021/22 financial statements, consider and decide upon any objections received in relation to the 2021/22 financial statements;
 - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act).
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
 - issuing an advisory notice under section 29 of the Act
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Materiality

The concept of materiality

Materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure of the group and Council for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £1m (PY £0.9m) for the group and £0.9m (PY £0.8m) for the Council, which equates to 2% of your prior year gross expenditure for the year.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the Audit, Crime & Disorder and Scrutiny Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit, Crime & Disorder and Scrutiny Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) ‘Communication with those charged with governance’, we are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. ISA 260 (UK) defines ‘clearly trivial’ as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the group and Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.053m (PY £0.045m).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit, Crime & Disorder and Scrutiny Committee to assist it in fulfilling its governance responsibilities.

Prior year gross operating costs

£53.1m group
(PY: £49.7m)

£52.8m Council
(PY: £49.2M)



■ Prior year gross operating costs

Materiality



£1m
group financial
statements
materiality
(PY: £0.9m)

£0.9m
Council financial
statements
materiality
(PY: £0.8m)

£0.053m
Misstatements
reported to the
Audit, Crime &
Disorder and
Scrutiny
Committee
(PY: £0.045m)

IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the information systems relevant to financial reporting to identify and assess the risks of material misstatement. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure. Based on the level of assurance required for each IT system the assessment may focus on evaluating key risk areas ('streamlined assessment') or be more in depth ('detailed assessment').

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

IT system	Audit area	Planned level IT audit assessment
Civica Financials	General Ledger	<ul style="list-style-type: none">Streamlined ITGC design assessment
Real Asset Management	Capital Accounting	<ul style="list-style-type: none">Streamlined ITGC design assessment

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We have not identified significant changes during the period affecting the IT controls of the Council and therefore no additional audit procedures will be completed.

Value for Money arrangements

Approach to Value for Money work for 2021/22

The National Audit Office (NAO) issued updated guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out below:



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

We have yet to conclude on our detailed Value for Money planning procedures. We will update the Audit, Crime & Disorder and Scrutiny Committee on the outcome of these planning procedures, our resulting risk assessment and our planned response to any identified risks of significant weaknesses in arrangements at a future Audit, Crime & Disorder and Scrutiny Committee meeting.



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Audit logistics and team



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Paul Cuttle, Key Audit Partner

Responsible for overall client relationship, quality control, provision of accounts opinions, meeting with key internal stakeholders and final authorization of reports. Attendance of Audit, Crime & Disorder and Scrutiny Committee meetings supported by Manager as required.



Raymund Daganio, Audit Manager

Responsible for overall audit management over the course of the year, support and review of work performed by audit In-charge and junior team members. Attendance of Audit, Crime & Disorder and Scrutiny Committee meetings alongside Engagement Lead as required.



Tafadzwa Nembaware, Audit Incharge

Responsible for day to day management of the audit planning and final accounts audit fieldwork, ensuring that your audit is delivered effectively, efficiently and supportively.

Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of items for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

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Audit fees

In 2018, PSAA awarded a contract of audit for Epsom and Ewell Borough Council to begin with effect from 2018/19. The fee agreed in the contract was £34,425. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2021/22 audit. Our fee for the 2021/22 audit is to be confirmed. The fee published by the PSAA in March 2021 was £36,825 but does not take into account recurring annual variations arising from changes in the Code of Audit Practice, new auditing and accounting standards and regulatory requirements. We will update the Audit, Crime & Disorder and Scrutiny Committee with a proposed fee once prior year fee variations have been agreed with the PSAA. For comparison the proposed fee for 2020/21 was £59,675 although this amount is still to be approved by the PSAA.

For 2020/21 the Council received a grant to support additional fees relating to new accounting standards and the change to the VFM audit. The Council's share of the £15m pot identified by DLUHC for 2020/21 was £17,746 which was in excess of the additional fee of £15,500 we proposed. DLUHC reported in December 2021 that it would similar levels of funding available for 2021/22 but the exact amount to be provided to the Council is to be confirmed.

Across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, as detailed on page 12 in relation to the updated ISA (UK) 540 (revised): Auditing Accounting Estimates and Related Disclosures.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. We have engaged an audit expert to improve the level of assurance we require for property valuations estimates, which has been included in our proposed audit fee.

	Actual Fee 2019/20	Proposed Fee 2020/21	Proposed fee 2021/22
Scale fee published by PSAA	£34,425	£34,425	TBC
Ongoing increases to scale fee			
Group accounts	£2,250	£2,250	TBC
Annual increases due to regulatory changes, enhanced audit procedures, revised ISAs and COVID-19	£14,500	£14,000	TBC
Additional work on Value for Money (VfM) under new NAO code	-	£9,000	TBC
Total audit fees (excluding VAT)	£51,175	£59,675	TBC

Assumptions

In setting the above fees, we have assumed that the Council will:

- prepare a good quality set of financial statements, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons. relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

Other services

The following other services provided by Grant Thornton were identified.

The amount detailed is fee agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. This service is consistent with the Council's policy on the allotment of non-audit work to your auditors.. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

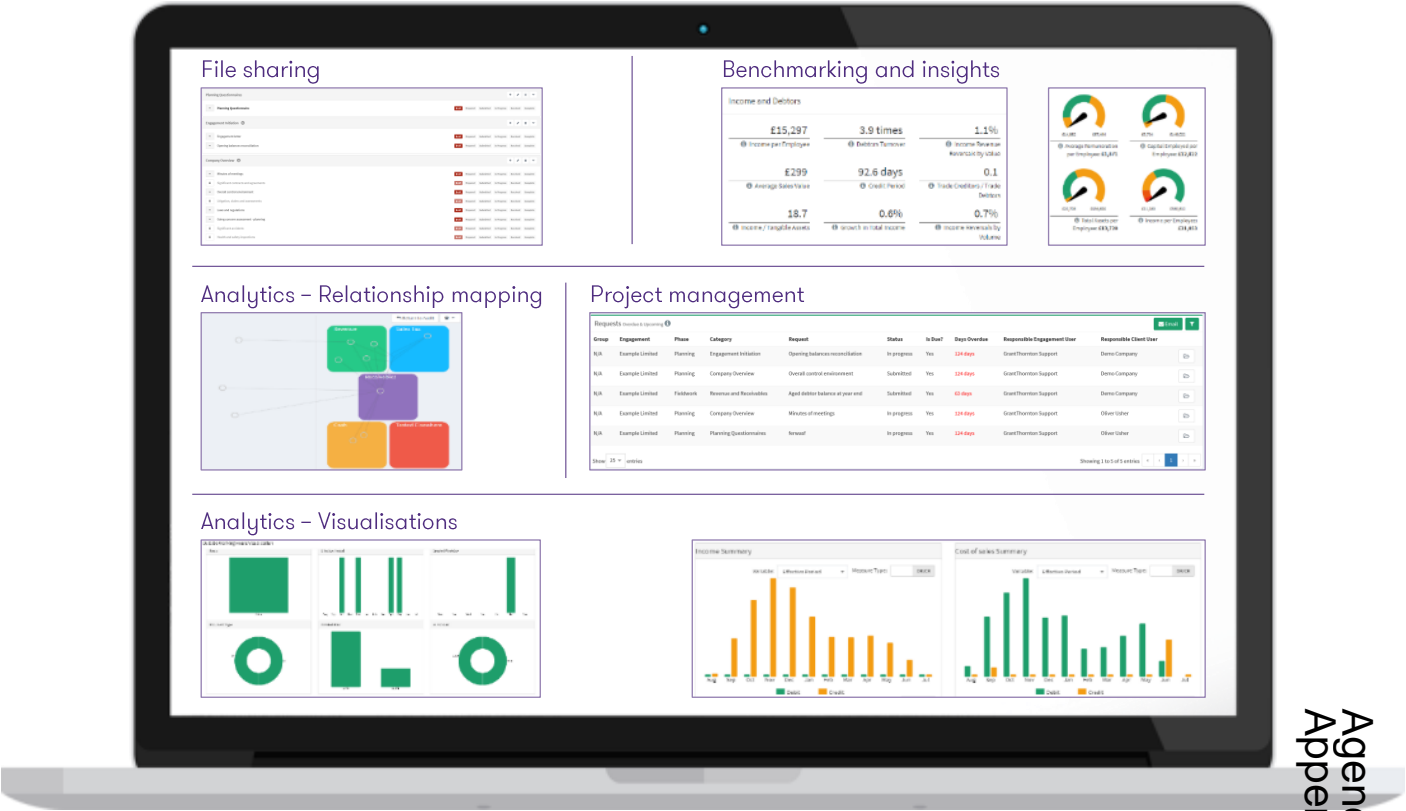
The service to be provided is not subject to contingent fees.

Service	Fees £	Threats	Safeguards
Audit related			
Certification of Housing Benefit Subsidy Claim	£22,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the expected fee for this work is £22,000 which is immaterial in comparison to the total fee for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Furthermore, there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

Our digital audit experience

A key component of our overall audit experience is our comprehensive data analytics tool, which is supported by Inflo Software technology. This tool has a number of key functions within our audit process:

Function	Benefits for you
Data extraction	Providing us with your financial information is made easier
File sharing	An easy-to-use, ISO 27001 certified, purpose-built file sharing tool
Project management	Effective management and oversight of requests and responsibilities
Data analytics	Enhanced assurance from access to complete data populations



Grant Thornton's Analytics solution is supported by Inflo Software technology

Our digital audit experience

A key component of our overall audit experience is our comprehensive data analytics tool, which is supported by Inflo Software technology. This tool has a number of key functions within our audit process:



Data extraction

- Real-time access to data
- Easy step-by-step guides to support you upload your data



File sharing

- Task-based ISO 27001 certified file sharing space, ensuring requests for each task are easy to follow
- Ability to communicate in the tool, ensuring all team members have visibility on discussions about your audit, reducing duplication of work



Project management

- Facilitates oversight of requests
- Access to a live request list at all times



Data analytics

- Relationship mapping, allowing understanding of whole cycles to be obtained quickly
- Visualisation of transactions, allowing easy identification of trends and anomalies

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How will analytics add value to your audit?

Analytics will add value to your audit in a number of ways. We see the key benefits of extensive use of data analytics within the audit process to be the following:

Improved fraud procedures using powerful anomaly detection

Being able to analyse every accounting transaction across your business enhances our fraud procedures. We can immediately identify high risk transactions, focusing our work on these to provide greater assurance to you, and other stakeholders.

Examples of anomaly detection include analysis of user activity, which may highlight inappropriate access permissions, and reviewing seldom used accounts, which could identify efficiencies through reducing unnecessary codes and therefore unnecessary internal maintenance.

Another product of this is identification of issues that are not specific to individual postings, such as training requirements being identified for members of staff with high error rates, or who are relying on use of suspense accounts.

More time for you to perform the day job

Providing all this additional value does not require additional input from you or your team. In fact, less of your time is required to prepare information for the audit and to provide supporting information to us.

Complete extracts from your general ledger will be obtained from the data provided to us and requests will therefore be reduced.

We provide transparent project management, allowing us to seamlessly collaborate with each other to complete the audit on time and around other commitments.

We will both have access to a dashboard which provides a real-time overview of audit progress, down to individual information items we need from each other. Tasks can easily be allocated across your team to ensure roles and responsibilities are well defined.

Using filters, you and your team will quickly be able to identify actions required, meaning any delays can be flagged earlier in the process. Accessible through any browser, the audit status is always available on any device providing you with the information to work flexibly around your other commitments.

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Informing the audit risk assessment for Epsom & Ewell Borough Council 2021/22

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Appendix 2

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Purpose

The purpose of this report is to contribute towards the effective two-way communication between Epsom & Ewell Borough Council's (EEBC) external auditors and the Audit, Crime & Disorder and Scrutiny Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit, Crime & Disorder and Scrutiny Committee under auditing standards.

Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Audit, Crime & Disorder and Scrutiny Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit, Crime & Disorder and Scrutiny Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit, Crime & Disorder and Scrutiny Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit, Crime & Disorder and Scrutiny Committee and supports the Audit, Crime & Disorder and Scrutiny Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Council's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern, and
- Accounting Estimates.

Purpose

This report includes a series of questions on each of these areas and the response we have received from EEBC's management. The Audit, Crime & Disorder and Scrutiny Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

General Enquiries of Management

Question	Management response
<p>1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2021/22?</p>	<p>Covid-19 has continued to impact the Council's expenditure and income streams, principally due to government restrictions earlier in the year. The financial impact is set out in the latest budget monitoring report to Audit Crime & Disorder and Scrutiny Committee on 3 February 2022, accessible via the Council's website.</p> <p>The Council has undertaken an organisational-wide restructure during 2021/22, to ensure staffing resources remain aligned to delivering the Four Year Plan and councillors' priorities. A summary of the restructure was reported to S&R Committee on 13 May 2021, which is accessible here.</p> <p>The Council's commercial property portfolio has experienced a number of significant tenant events during the year, including the following:</p> <ul style="list-style-type: none"> - At Parkside House, the tenant reduced their presence in the building from December 2021. The Council is working to re-let the vacant property areas as a high priority. - At 64-74 East Street, the tenant unsuccessfully tried to activate a break clause. The Council is in negotiations with the tenant over next steps. - The Ashley Centre lease is expected to be extended from 83 years to 150 years, securing rental income for the Council over the long term and a one-off revenue receipt. - The Council has also negotiated rent reviews at a number of other properties, generating back rent in excess of £800k. <p>The wider economic environment will also impact the Council's financial statements. In particular elevated inflation, potentially rising interest rates, and volatile asset valuations (one cause of which being Russia's invasion of Ukraine) may affect the actuary's valuation of the pension liability and property valuations, which would in turn impact the 2021/22 financial statements. These impacts will only be quantified when the actuarial and final property valuation reports are received in April/May, and will be factored into the 2021/22 financial statements.</p>

General Enquiries of Management

Question	Management response
<p>2. Have you considered the appropriateness of the accounting policies adopted by EEBC? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?</p>	<p>Management considers that the accounting policies recommended by CIPFA's Code of Practice remain appropriate for EEBC for 2021/22.</p> <p>There have been no events or transactions that cause a change or new accounting policies.</p> <p>From 2022/23 (subject to national consultation), IFRS 16 may impact the 2022/23 accounts and a separate impact assessment will be undertaken for that in advance of the 2022/23 closedown.</p>
<p>3. Is there any use of financial instruments, including derivatives? If so, please explain</p>	<p>We do not use derivatives. The financial instruments used by the Council are unchanged in nature from those reported in the 2020/21 Statement of Accounts (Note 18)</p>
<p>4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?</p>	<p>Covid-19 has continued to create new transactions, such as administering new government support grants to businesses and individuals. However, these have been processed through the General Ledger in accordance with the normal course of business.</p> <p>The Council's property portfolio has undergone a number of tenant events, highlighted in the response to question 1. All tenant events and transactions have been managed in accordance with existing leases and are, therefore, part of the normal course of business.</p>

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General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	Not at the current time. Our external valuers will assess all investment properties, and other non-current assets due for re-valuation. The external valuers will also provide a market commentary report, which will be used by accountants to determine whether any other assets need to be impaired or revalued.
6. Are you aware of any guarantee contracts? If so, please provide further details	Management is not aware of any guarantee contracts.
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	<p>The Council is supporting an ongoing Health & Safety Executive investigation following an incident in December 2021 involving a waste collection vehicle. There are currently no known material financial impacts, however, this remains under review as it depends on the outcome of the ongoing investigation. Should any financial impact arise, it will be included in the financial statements in line with proper accounting practice.</p> <p>Earlier in the year, a fire at Ashley Centre car park caused some damage and loss of revenue from unusable car park spaces. The Council is claiming for the losses on insurance – the financial impact will be assessed and included in the financial statements in line with proper accounting practice.</p> <p>There are no other significant insurance claims that could affect the financial statements.</p>
8. Other than in house solicitors, can you provide details of those solicitors utilised by EEBC during the year. Please indicate where they are working on open litigation or contingencies from prior years?	<ul style="list-style-type: none"> • Trowers & Hamblins LLP – open commercial matters • Anthony Collins Solicitors LLP – Monitoring Officer • Cripps LLP – open property matters • South London Legal Partnership - open litigation matters, data protection, contracts • Tandridge Borough Council – general legal advice and planning matters • Eversheds – open planning and S106 matters • Davitt Jones Bould – open property and planning matters

General Enquiries of Management

Question	Management response
<p>9. Have any of the Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details</p>	<p>No such reports have been received.</p>
<p>10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?</p>	<p>The Council subscribes to CIPFA's Better Governance Forum to receive regular bulletin/sector updates, but we didn't need to consult them on anything specific in the year. The Council is also a member of the National Anti Fraud Network; the Network identifies and shares potential frauds from across the sector, including around Covid related business grants, for the Council to be aware of.</p> <p>The Council also uses advisors for any service specific matters requiring independent specialist advice that is not available inhouse, some examples being:</p> <ul style="list-style-type: none"> • Knight Frank – advice on property-related matters • Link Asset Solutions – treasury management matters • Local Plan – multiple advisors
<p>11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details</p>	<p>The Council reviews at year-end all its assets, including debtor balances, loans and investments, for an indication of credit losses. At the current time, no material credit losses are expected. Should any arise, however, these would be recognised in the financial statements in accordance with IFRS9 and proper accounting practice.</p>

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Appendix 2

Fraud

Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit, Crime & Disorder and Scrutiny Committee and management. Management, with the oversight of the Audit, Crime & Disorder and Scrutiny Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit, Crime & Disorder and Scrutiny Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As EEBC's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit, Crime & Disorder and Scrutiny Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit, Crime & Disorder and Scrutiny Committee oversees the above processes. We are also required to make inquiries of both management and the Audit, Crime & Disorder and Scrutiny Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from EEBC's management.



Fraud risk assessment

Question	Management response
<p>1. Has EEBC assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Council's risk management processes link to financial reporting?</p>	<p>Senior officers on Strategic and Corporate Management Teams submit annual 'Divisional Assurance Statements', which provide assurance that any frauds affecting the financial statements would be reported. Management considers that the financial statements are not materially misstated, either due to fraud or for any other reason, due to this process and other internal controls to minimise the risk of fraud, including:</p> <ul style="list-style-type: none"> - Whistle blower policy - Segregation of duties - Internal audit to investigate any high risk fraud areas <p>The annual budget report to Full Council contains a budget risk assessment and associated risk mitigations, to ensure risk management is linked to financial reporting. In addition, both risk management and quarterly budget monitoring reports are presented to ACDS Committee.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>The Council treats all transactions/accounts/disclosures as similarly at risk of fraud, and as such our internal controls apply to all financial transactions, including council tax and housing benefits.</p> <p>We are not aware of any instances of fraud, or of any:</p> <ul style="list-style-type: none"> • - Accounts, classes of transactions, or disclosures where fraud risks were identified • - Accounts, classes of transactions, or disclosures where fraud risks are likely to exist
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within the Council as a whole, or within specific departments since 1 April 2021? If so, please provide details</p>	<p>The Council's policy to prevent fraud is approved by the Strategy & Resources Committee, prior to obtaining approval of full Council.</p> <p>Internal Audit provide regular reports to Audit, Crime & Disorder and Scrutiny Committee, and any actual instances of fraud would be reported to this Committee.</p> <p>Management are not aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within EEBC as a whole or within specific departments since 1 April 2021.</p>

Fraud risk assessment

Question	Management response
4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?	<p>Management reports risk issues to those charged with governance in accordance with the Council's Constitution. Regular risk management reports are reported to Audit, Crime & Disorder and Scrutiny Committee.</p> <p>The Annual Governance Statement identifies any significant governance issues, along with mitigations where appropriate.</p>
5. Have you identified any specific fraud risks? If so, please provide details Do you have any concerns there are areas that are at risk of fraud? Are there particular locations within the Council where fraud is more likely to occur?	<p>There is no evidence of any fraud. Management has identified a number of risks relating to the Covid-19 Business Support Grants and fraudulent claims that we monitor through NAFN advice.</p> <p>In terms of council tax and housing benefits, the Council has internal controls in place to mitigate the risk of fraud.</p>
6. What processes does the Council have in place to identify and respond to risks of fraud?	<p>Senior officers on Strategic and Corporate Management Teams submit annual 'Divisional Assurance Statements', which provide assurance that any frauds affecting the financial statements would be reported. Management considers that the financial statements are not materially misstated, either due to fraud or any other reason, due to this process and other internal controls to minimise the risk of fraud, including:</p> <ul style="list-style-type: none"> - Whistle blower policy - Segregation of duties - Internal audit to investigate any high risk fraud areas - Fraud training will be undertaken in the coming year to ensure new managers are aware of their responsibilities and the processes in place to prevent fraud. - Fraud risks will be included on the Council's corporate risk register which is due to be refreshed in the coming months.

Fraud risk assessment

Question	Management response
<p>7. How do you assess the overall control environment for the Council, including:</p> <ul style="list-style-type: none"> the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness the system of internal control? <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>Senior officers on Strategic and Corporate Management Teams submit annual 'Divisional Assurance Statements', which provides assurance that internal controls are operating effectively.</p> <p>Internal audit regularly test internal controls/procedures and provide assurance reports to management and Audit, Crime & Disorder & Scrutiny Committee. Any material findings must have a mitigating management action, which is then followed up by internal audit to ensure implementation.</p> <p>We are not aware of any areas where there is override or inappropriate influence over the financial reporting process.</p>
<p>8. Are there any areas where there is potential for misreporting? If so, please provide details</p>	<p>The Council has internal controls and procedures in place to ensure the risk of misreporting is low.</p> <p>Internal audit regularly test internal controls/procedures and provide assurance reports to management and Audit, Crime & Disorder & Scrutiny Committee. Any material findings must have a mitigating management action, which is then followed up by internal audit to ensure implementation.</p>

Agenda Item 5
Appendix 2

Fraud risk assessment

Question	Management response
<p>9. How does the Council communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>Messages are communicated to staff through:</p> <ul style="list-style-type: none"> • Corporate Plans • Team meetings • Managers training • Feedback at Corporate Management Team • Internal Audit • Staff Update publications • People Framework • New Officers Code of Conduct to be updated. <p>The processes for contractors are set-out in the relevant contract.</p> <p>The above measures including the Council's Whistleblowing Policy ensure staff can report fraud without prejudice. Staff are expected to report full details of any known fraud.</p> <p>No significant issues have been reported in 2021/22.</p>
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>Any post involved in financial transactions is considered at risk of fraud or corruption.</p> <p>Risks are managed through having appropriate internal controls, including appropriate authorisation limits for staff and segregation of duties for all financial transactions.</p>
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>There are no known changes to the prior period in terms of related parties.</p> <ul style="list-style-type: none"> - Strategic and Corporate Management Teams are responsible for implementing the Council's policies and will be asked at year-end to declare any related party transactions for the 2021/22 accounts. - Elected Members have direct Control over the Council's strategy and policies. Members will also be asked to declare any related party transactions at year-end; for inclusion in the 2021/22 accounts. <p>The Council has policies in place to ensure related party relationships and transactions must be disclosed. Officers and members are required to declare any conflicts of interest prior to taking part in any decision-making process.</p>

Fraud risk assessment

Question	Management response
<p>12. What arrangements are in place to report fraud issues and risks to the Audit, Crime & Disorder and Scrutiny Committee ?</p> <p>How does the Audit, Crime & Disorder and Scrutiny Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>The Council's policy to prevent fraud is approved by the Strategy & Resources Committee, prior to obtaining approval of full Council.</p> <p>Internal Audit provide regular reports to Audit, Crime & Disorder and Scrutiny Committee, and any actual instances of fraud would be reported to this Committee.</p> <p>Internal audit recommendations must have a mitigating management action. Internal audit follow-up to ensure all actions are implemented, with any outstanding actions reported to Audit, Crime & Disorder and Scrutiny Committee.</p> <p>A work plan is due to be presented to ACDS Committee in April, which will schedule work on the refreshed corporate risk register to include fraud risks.</p>
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>Management is not aware of any.</p>
<p>14. Have any reports been made under the Bribery Act? If so, please provide details</p>	<p>Management is not aware of any.</p>

Law and regulations

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit, Crime & Disorder and Scrutiny Committee, is responsible for ensuring that EEBC's operations are conducted in accordance with laws and regulations including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit, Crime & Disorder and Scrutiny Committee as to whether the entity is in compliance with laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does the Council have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Council's regulatory environment that may have a significant impact on the Council's financial statements?</p>	<p>Senior officers on Strategic and Corporate Management Teams submit annual 'Divisional Assurance Statements', which provide assurance that any frauds affecting the financial statements would be reported. Management considers that the financial statements are not materially misstated, either due to fraud or for any other reason, due to this process and other internal controls to minimise the risk of fraud, including</p> <ul style="list-style-type: none"> - Whistle blower policy - Segregation of duties - Internal audit investigate any high risk fraud areas - Internal audit test for compliance with laws and regulations as part of their reviews. <p>Furthermore, all Committee reports must have the legal comments documented within the report. All reports are reviewed by a legal officer or the Monitoring Officer.</p> <p>Regarding regulatory changes, the Accounts and Audit Regulations are expected to be updated to amend the target dates for draft and audited accounts to 31 July and 30 November 2022 –the authority expects to comply with these requirements.</p> <p>No other regulatory changes are expected to have a material impact on the financial statements.</p>
<p>2. How is the Audit, Crime & Disorder and Scrutiny Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>All Committee reports and decisions must have the legal implications documented within the report; all reports are reviewed by a legal officer or the Monitoring Officer.</p> <p>The Council's Constitution and Annual Governance Statement set-out the Council's robust governance framework, providing further assurance to the Committee.</p>

Impact of laws and regulations

Question	Management response
3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2021 with an on-going impact on the 2021/22 financial statements? If so, please provide details	Management is not aware of any.
4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details	<p>Management is not aware of any claims at the litigation stage.</p> <p>However, the Council:</p> <ul style="list-style-type: none"> - Has received a number of planning appeals that it expects to defend; - Is defending an appeal against Health and Safety notices served by the Council; - May face a legal dispute with a commercial property tenant over operation of the lease. <p>In each case, the financial impacts will be assessed at year-end and included in the financial statements in accordance with proper accounting practice.</p>

Impact of laws and regulations

Question	Management response
<p>5. What arrangements does the Council have in place to identify, evaluate and account for litigation or claims?</p>	<p>At year-end, senior officers on Strategic and Corporate Management Teams submit annual 'Divisional Assurance Statements', which include details of any new potential litigation or claims and sufficient details to enable the finance team to judge the appropriate accounting treatment.</p> <p>This provides assurance that any new potential litigation or claims would be identified.</p> <p>Legal advice is sought where appropriate, and managers can access training on regulatory areas that are subject to change.</p>
<p>Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details</p>	<p>In respect of the Health & Safety Executive (HSE) investigation into the incident in December 2021 involving a waste collection vehicle, the Council has received a Notification of Contravention from the HSE, to which the Council has agreed a response date of 8 April 2022.</p>

Related Parties

Matters in relation to Related Parties

EEBC are required to disclose transactions with entities/individuals that would be classed as related parties. These may include:

- entities that directly, or indirectly through one or more intermediaries, control, or are controlled by EEBC;
- associates;
- joint ventures;
- an entity that has an interest in the authority that gives it significant influence over the Council;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Council, or of any entity that is a related party of the Council.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the Council's perspective but material from a related party viewpoint then the Council must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in EEBC's 2020/21 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> the nature of the relationship between these related parties and EEBC Whether EEBC has entered into or plans to enter into any transactions with these related parties the type and purpose of these transactions 	<p>No known changes at the current time. Senior Officers (including the two new Directors and Head of Place) and Members will be required to sign updated Related Party Declarations for the 2021/22 accounts – these will be provided during the final audit.</p>
<p>2. What controls does EEBC have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>The Council has a formal policy on Disclosable Pecuniary Interests</p> <p>Formal declarations for related party transactions are required annually from all senior officers and all Members.</p>
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>Members/Officers with declared related party relationships are not involved in the decision making process for related party transactions.</p>
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>All transactions are processed through the normal business procedures.</p>

Going Concern

Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern – Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the body's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies. This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for local government bodies presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work and it is through such work that it will be considered.

Going Concern

Question	Management response
1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by the Council will no longer continue?	Management subscribes to sector bulletins, such as LGA Updates, SOLACE and LG Futures, which would raise awareness of any such changes. Management is also represented at Surrey Chief Executives and Surrey Treasurers groups, which would discuss any such matters impacting the County.
2. Are management aware of any factors which may mean for the Council that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?	Management is not aware of any such factors.
3. With regard to the statutory services currently provided by the Council, does the Council expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for the Council to cease to exist?	<p>There are no known or agreed plans for the Council to cease to exist, therefore management expects to continue delivering current statutory services for the foreseeable future.</p> <p>The form of some service delivery may change in future. For example, building control has been contracted to Elmbridge Building Control Service, and the Council continues to explore collaboration opportunities with other Surrey Districts, as they arise.</p>
4. Are management satisfied that the financial reporting framework permits the Council to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	<p>Yes management is satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements, and that the financial reporting framework permits this approach.</p> <p>The Chief Finance Officer provides assurance that the Council is a going concern, through the MTFS projections and section 25 report to Full Council on 15 February 2022.</p>

Accounting estimates

Matters in relation to accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess a body's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the body's risk management process identifies and addresses risks relating to accounting estimates;
- The body's information system as it relates to accounting estimates;
- The body's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask the Audit Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates - General Enquiries of Management

Question	Management response
<p>1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?</p>	<p>The main accounting estimates in the financial statements are disclosed in Note 4 to the Statement of Accounts. These are:</p> <ul style="list-style-type: none"> - Property Plant & Equipment valuations - Investment Property valuations - Pension Fund valuations <p>Through representation at Corporate Management Team and Committee meetings, Finance Team become aware of any significant transactions, events or conditions that would require accounting estimates.</p> <p>Senior officers on Strategic and Corporate Management Teams also submit annual 'Divisional Assurance Statements', which provides assurance that all material transactions, events and conditions, that affect the financial statements, have been captured.</p>
<p>2. How does the Council's risk management process identify and address risks relating to accounting estimates?</p>	<p>The Council uses independent and suitably qualified external experts where appropriate.</p> <p>The Council's finance team employs suitably CCAB-qualified accountants to follow CIPFA and IFRS accounting standards when making accounting estimates.</p>
<p>3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?</p>	<p>Management follows CIPFA's Code of Practice and the accounting standards to make the key accounting estimates.</p>

Accounting Estimates - General Enquiries of Management

Question	Management response
4. How do management review the outcomes of previous accounting estimates?	Year on year changes in accounting estimates are reconciled within the Notes to the Statement of Accounts.
5. Were any changes made to the estimation processes in 2021/22 and, if so, what was the reason for these?	No changes are planned for 2021/22 - we expect to be consistent in the methodology used for accounting estimates.
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	<p>Management follows standard sector practice by using RICS specialists for the valuation of its Property Plant and Equipment, and qualified actuaries for the estimation of the pension fund position.</p> <p>When specific technical accounting advice is required, the Council utilises Ichabods Industries for external advice.</p>

Accounting Estimates - General Enquiries of Management

Question	Management response
<p>7. How does the Council determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?</p>	<p>The Council provides it RICS property valuers with an engagement letter, setting out the activities that are required. The external estimates/valuations are then reviewed by qualified Council officers, with any unusual or unexpected movements/valuations queried and explanations sought.</p> <p>As a member of the Surrey Pension Fund, Surrey County Council engages the actuary Hymans Robertson LLP to calculate the pension fund position on our behalf.</p> <p>Council officers then review the IAS Results Report for reasonableness of assumptions. Any unusual or unexpected movements/valuations are queried and explanations sought.</p>
<p>8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?</p>	<p>As above, the Council provides it RICS property valuers with an engagement letter, which sets out the activities that are required. The external estimates/valuations are then reviewed by qualified Council officers, with any unusual or unexpected movements or valuations queried and explanations sought.</p> <p>As a member of the Surrey Pension Fund, Surrey County Council engages the actuary Hymans Robertson LLP to calculate the pension fund position on our behalf.</p> <p>Council officers then review the IAS Results Report for reasonableness of assumptions. Any unusual or unexpected movements/valuations are queried and explanations sought.</p>
<p>9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including:</p> <ul style="list-style-type: none"> - Management's process for making significant accounting estimates - The methods and models used - The resultant accounting estimates included in the financial statements. 	<p>Both the Section 151 Officer and Deputy S151 Officer review the estimates used in the Statement of Accounts. Following review, the S151 Officer certifies the SoA as free from material error and presenting a true and fair view.</p> <p>The SoA is also reviewed and approved by elected members of Audit, Crime & Disorder and Scrutiny Committee, before the audit is signed off.</p> <p>See Appendix A for the methods and models used.</p>

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Accounting Estimates - General Enquiries of Management

Question	Management response
<p>10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?</p>	<p>No. The main accounting estimates in the financial statements are those disclosed in Appendix A and in Note 4 to the Statement of Accounts. These are:</p> <ul style="list-style-type: none"> - Property Plant & Equipment accounting - Investment Property Accounting - Pension Fund Accounting
<p>11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?</p>	<p>Management is satisfied that arrangements for the accounting estimates are reasonable, as the estimates are compliant with accounting standards and CIPFA's Code of Practice, and have been reviewed by the Council's finance team of suitably CCAB-qualified accountants. Where applicable, estimates are obtained from qualified, external (and therefore independent) actuaries and property valuers, providing further assurance that the estimates are reasonable.</p>
<p>12. How is the Audit, Crime & Disorder and Scrutiny Committee provided with assurance that the arrangements for accounting estimates are adequate ?</p>	<p>The Council's accounts are produced by appropriately qualified accountants and then certified by the CIPFA-qualified S151 Officer.</p> <p>Members can challenge officers on any aspect of the Statement of Accounts at the Audit, Crime & Disorder and Scrutiny Committee meeting.</p> <p>Internal audit periodically review general and capital accounting arrangements, which provides further assurance.</p> <p>External audit review also provides assurance.</p>

Agenda Item 5
Appendix 2

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Land and buildings valuations	As set-out in the accounting policies in the Statement of Accounts - fair value for investment properties, current value or depreciated replacement cost for operational land and properties.	Qualified experts are used to undertake the estimates. Segregation of duties requires two officers to post valuation movements in the general ledger.	Yes – management have used RICS qualified firm Wilks, Head and Eve.	Note 4 of the Statement of Accounts discloses the degree of uncertainty and a high-level sensitivity analysis.	No
Depreciation	As set-out in our accounting policies - typically 50 years for buildings on a straight-line basis.	Qualified experts are used to assess the expected asset life, which is used as the basis for the depreciation estimate. Segregation of duties requires two officers to post depreciation movements in the general ledger.	Wilks, Head and Eve provide the valuations. In addition, officers in the finance team are qualified accountants i.e. experts. We use internal software called Real Asset Management to assist with depreciation estimates.	Note 4 of the Statement of Accounts discloses the degree of uncertainty and a high-level sensitivity analysis.	No

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Significant accruals	The accruals accounting principal is applied. Civica Purchasing is used to identify system accruals, with a supporting manual process for sundry accruals.	Internal guidance and segregation of duties requires two officers to post accruals in the general ledger.	Officers in the finance team are qualified accountants i.e. experts.	Expenditure and income is recognised in the year to which it relates. There is little uncertainty, and no acceptable alternative to accruals accounting.	No
Valuation of pension liability	The valuation is undertaken in accordance with the principles of the relevant accounting standards - FRS102 and IAS19.	Qualified independent experts are used to undertake the estimates.	Expert firm Hymans Robertson LLP are engaged to undertake the estimates.	Notes 4 and 32 of the Statement of Accounts disclose the degree of uncertainty and a high-level sensitivity analysis.	No
Fair value of loans	Fair valuations are undertaken in accordance with IFRS16 by independent experts.	Independent industry experts are used to undertake the estimates.	Expert firm Link Asser Services are engaged to undertake the estimates.	Note 18 of the Statement of Accounts discloses the degree of uncertainty and input assumptions used in the valuation.	No

Agenda Item 5
Appendix 2

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
NNDR Appeals provision Page 83	In accordance with CIPFA's Code of Practice, provisions are calculated based on an estimate of the probable liability.	Management use information provided by the Valuation Office Agency to identify outstanding appeals submitted by businesses.	Management use information provided by the Valuation Office Agency.	Management use past appeal success rates to assist in projecting future appeal success rates.	No
Credit loss allowance	Debtors are assessed annually and for doubtful debts, an allowance is made for expected future credit losses, which factors in the age and recoverability of the debt.	Outstanding debtor balances are monitored through the debtors control account.	Officers in the finance team are qualified accountants i.e. experts.	The estimate is based on expected future credit losses on outstanding debts. A sensitivity analysis is included within Note 4 of the Statement of Accounts.	No

Agenda Item 5
Appendix 2



INTERNAL AUDIT PROGRESS REPORT 2021-2022

Head of Service:	Gillian McTaggart, Head of Corporate Assurance
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	Appendix 1 – Internal Audit Progress Report – April 2022

Summary

This report summarises progress against the Internal Audit Plan 2021-2022.

Recommendation (s)

The Committee is asked to:

- (1) **Note the internal audit progress report from Southern Internal Audit Partnership attached at Appendix 1**

1 Reason for Recommendation

- 1.1 This Committee has overall responsibility for the audit and governance frameworks, including the functions of an audit committee.
- 1.2 The Committee receives regular internal audit progress reports which update the Committee on progress made against the audit plan and the outcomes of individual audits.

2 Background

- 2.1 Southern Internal Audit Partnership (SIAP) was appointed as the Council's internal auditors from April 2019 for a period of four years. SIAP is now in the third year of the contract. It is notable that the delivery of the audit plan in 2020-2021 was impacted by the Covid pandemic.
- 2.2 The Internal Audit Plan and Charter was endorsed by the Committee on 8 April 2021.

3 Audit Plan 2021-2022

- 3.1 The report attached as Appendix 1 outlines the progress made against the current annual audit plan and analysis of live audit reports and outstanding management actions.
- 3.2 The audit plan will need to be delivered by June 2022 for the Chief Internal Auditor to complete the End of Year Opinion. The remaining audits in the plan are currently underway.

4 Outstanding Management Actions

- 4.1 There is one high priority outstanding management action.
 - Building Control audit, 1 action: All outstanding Building Control actions will be addressed through the new shared service arrangement with Elmbridge Borough Council. We are expecting the final aspects of the arrangement to be completed by 31 May 2022.
 - See also “Annex 1” within Appendix 1 for further information.
- 4.2 Two high priority actions have been closed since the last report, both from the Asset Management (Property Assets) audit:
 - Action 1: The Council can influence the sustainability of its own occupied buildings. Sustainability actions are being identified and costed to support the Asset Management Plan.
 - Commentary: Reducing the carbon footprint of council buildings will be monitored via our climate change action plan and our review of the Town Hall. Both of these actions are included in next year's Annual Plan & Service Delivery Plan, that is, to produce a costed climate change action plan and complete our asset reviews. Given this formal monitoring of our buildings' sustainability is in place, we are comfortable marking this action as complete.
 - Action 2: National Property Performance Indicators will be used from 1 October 2021 to monitor performance.

- Commentary: The Business Assurance team have met the Head of Property & Regeneration in March 2022 to discuss performance indicators. Given that national performance measures are no longer formally used for national property performance monitoring, four indicators have been chosen to be included in the Council's corporate performance monitoring. The indicators relate to property maintenance, rent arrears and vacant property rates. The data for the indicators will be recoded corporately from April 2022 and form part of a refreshed performance monitoring framework for the Council, which will be periodically reviewed. Therefore, as performance indicators have been chosen and will form part of a wider corporate performance monitoring framework, we are comfortable marking this action as complete.

- 4.3 There are 27 overdue 'Low & Medium Priority' Management Actions. Commentary on these actions will be available at the committee meeting.

5 Risk Assessment

Legal or other duties

5.1 Impact Assessment

- 5.1.1 None for the purposes of this report.

5.2 Crime & Disorder

- 5.2.1 None for the purposes of this report.

5.3 Safeguarding

- 5.3.1 None for the purposes of this report.

5.4 Dependencies

- 5.4.1 The Head of Internal Audit (SIAP) will issue an annual Internal Audit Report and Opinion for 2021-2022 on completion of the annual plan. This report is a critical document that will be used in preparing the Annual Governance Statement for 2021-2022, which is included in the Statement of Accounts.

5.5 Other

- 5.5.1 None for the purposes of this report.

6 Financial Implications

- 6.1 There are no financial implications in this report.

- 6.2 **Section 151 Officer's comments:** None arising from the contents of this report.

7 Legal Implications

- 7.1 There are no legal implications arising from this report.
- 7.2 **Legal Officer's comments:** none arising from this report.

8 Policies, Plans & Partnerships

- 8.1 **Council's Key Priorities:** The following Key Priorities are engaged:
- 8.1.1 Effective Council: Engaging, responsive and resilient Council.
- 8.2 **Service Plans:**
- 8.2.1 The matter is not included within the current Service Delivery Plan.
- 8.3 **Climate & Environmental Impact of recommendations:**
- 8.3.1 No relevance for the purpose of this report.
- 8.4 **Sustainability Policy & Community Safety Implications:**
- 8.4.1 No relevance for the purpose of this report.
- 8.5 **Partnerships:**
- 8.5.1 The Council's arrangements with partners, such as shared services, are considered within the remit of Internal Audit.

9 Background papers

- 9.1 The documents referred to in compiling this report are as follows:

Previous reports:

- *Internal Audit Progress Report*, Audit, Crime & Disorder and Scrutiny Committee, 3 February 2022. Online available: <https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=157&MId=1108> [Last accessed 14/03/22].
- *Internal Audit Plan and Charter 2021/22*, Audit, Crime & Disorder and Scrutiny Committee, 8 April 2021. Online available: <https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=157&MId=919&Ver=4> [Last accessed 14/03/22].

Internal Audit Progress Report 2021/22

February 2022

Epsom & Ewell Borough Council



**Southern Internal
Audit Partnership**

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1. Role of Internal Audit

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

‘Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.’

The standards for ‘proper practices’ are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].

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’.

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 organisations’ objectives.

2. Purpose of report

In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to 'Senior Management' and 'the Board', summarising:

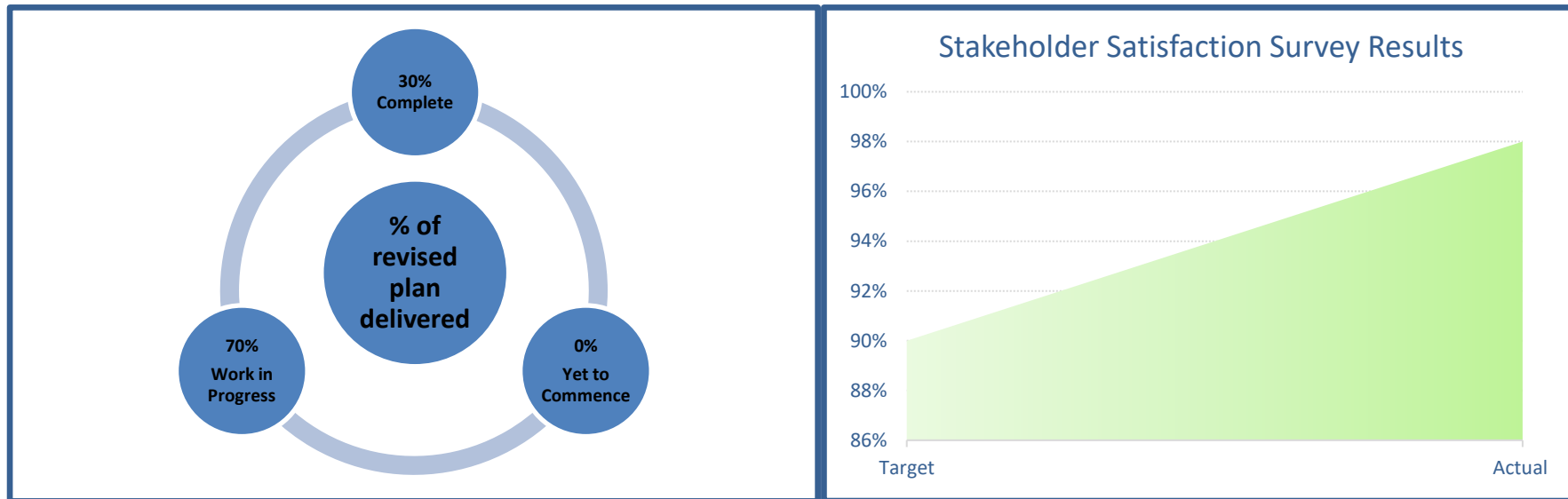
- The status of 'live' internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor's annual opinion.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. The assurance opinions are categorised as follows:

Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

** Some reports listed within this progress report (pre 2020-21 audit plan) refer to categorisations used by SIAP prior to adoption of the CIPFA standard definitions, reference is provided at Annex 1*

3. Performance dashboard



Compliance with Public Sector Internal Audit Standards

An External Quality Assessment of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020. The report concluded:

'The mandatory elements of the IPPF include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles. It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles. We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN). We are pleased to report that SIAP conform with all relevant, associated elements.'

4. Analysis of 'Live' audit reviews

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Actions*	Not Yet Due	Complete	Overdue		
							L	M	H
Fraud and Irregularities	06/08/2019	HofPPG	Adequate	4(0)	0(0)	3(0)		1	
Building Control	17/12/2019	HofP	Limited	6(1)	0(0)	0(0)	4	1	1
Asset Management (Property Assets)	17/12/2019	HofP&R	Adequate	7(5)	0(0)	5(5)	2		
Community and Wellbeing Centre	13/07/2020	HofOS	Limited	7(0)	0(0)	5(0)		2	
Information Governance	17/08/2020	HofPPG	Adequate	9(0)	0(0)	4(0)		5	
Development Management	03/03/2021	HofP	Reasonable	6(0)	0(0)	1(0)		5	
Housing Benefits	12/05/2021	HofH&C	Substantial	2(0)	0(0)	1(0)	1		
Accounts Payable	18/05/2021	CFO	Reasonable	6(0)	0(0)	5(0)	1		
Programme and Project Management	18/05/2021	HofPPG	Reasonable	3(0)	0(0)	0(0)		3	
Parking and Enforcement	27/07/2021	HofOS	Reasonable	3(0)	0(0)	1(0)		2	
Service Delivery Plans	30/09/2021	HofPPG	Reasonable	2(0)	2(0)	0(0)			
Annual Governance Statement	03/11/2021	HofPPG	Reasonable	3(0)	3(0)	0(0)			
Total				58(6)	5(0)	25(5)	8	19	1

*Total number of actions (total number of high priority actions)

Audit Sponsor			
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CFO	Chief Finance Officer	HofP	Head of Planning
HofD&ST	Head of Digital and Service Transformation	HofOS	Head of Operational Services
HofHR&OD	Head of HR and OD	HofP&R	Head of Property & Regeneration
HofPPG	Head of Policy, Performance & Governance	HofH&C	Head of Housing & Community
CLO	Chief Legal Officer		

5. Executive Summaries of reports published concluding a 'Limited' or 'No' assurance opinion

There have been no new reports published concluding a "limited" or "no" assurance opinion since the last progress report in January 2022.

6. Planning & Resourcing

The internal audit plan for 2021-22 was presented to the Senior Management Team and the Audit, Crime & Disorder and Scrutiny Committee in April 2021.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. Progress against the plan is detailed within section 7.

7. Rolling Work Programme

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
2020/21 reviews								
IT Business Continuity & Disaster Recovery	HofD&ST	✓	✓	✓	✓	✓	Limited	
Parking & Enforcement	HofOS	✓	✓	✓	✓	✓	Reasonable	
2021/22 reviews								
Corporate Cross Cutting								
Financial Resilience	CFO	✓						
Corporate Governance								
HR – Performance Management	HofHR&OD	✓	✓	✓				Close of audit held. Report pending
Risk Management	HofPPG	✓	✓	✓				Close of audit held. Report pending
Health & Safety	HofPPG	✓	✓	✓				
Information Governance	HofPPG/ HofD&ST	✓	✓	✓				
Annual Governance Statement	HofPPG	✓	✓	✓	✓	✓	Reasonable	
Financial Management								
Treasury Management	CFO	✓	✓	✓	✓	✓	Substantial	
Income Collection	CFO	✓	✓	✓				
Compliance & Enforcement Grant	CFO	✓	✓	✓	n/a	✓	n/a	
Local Government Compensation Scheme	CFO	✓	✓	✓	n/a	✓	n/a	
Information Technology								
Data Management	HofD&ST	✓	✓	✓				
Information Security	HofD&ST	✓	✓					

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
2020/21 reviews								
Corporate Priorities								
Operational Services (Refuse/Recycling/Street Cleansing)	HofOS	✓	✓	✓				
Environmental Health	HofH&C	✓	✓	✓				
Climate Change	HofPPG	✓	✓	✓	✓	✓	Reasonable	
Housing (Inc Affordable Hsg)	HofH&C	✓	✓					
Local Plan	HofP	✓	✓					
Community Health & Wellbeing	HofH&C	✓	✓	✓				
Licensing	HofH&C	✓						
Service Delivery Plans	HofPPG	✓	✓	✓	✓	✓	Reasonable	
Fees and Charges	CFO	✓	✓	✓				Close of audit meeting held. Report pending
Grants/Non-Assurance Work								
EWDC Conservators Account	CFO	✓	✓	✓	✓	✓	n/a	
Follow up	CFO/HofPPG	✓	✓	✓				

8. Adjustment to the Internal Audit Plan

There have been the following amendments to the plan:

Plan Variations	
Added to the plan	Reason
COVID-19: Local Government Compensation Scheme	A number of days are included in the Annual Plan to allow for work in relation to Covid. This area of work has now been confirmed and will make use of an element of the agreed allowance and has consequently been added into the plan.
Compliance and Enforcement Grant	A number of days are included in the Annual Plan to allow for work in relation to Covid. This area of work has now been confirmed and will make use of an element of the agreed allowance and has consequently been added into the plan.
Removed from the plan	Reason
NNDR (National Non-Domestic [Business] Rates)	Due to capacity within the Revenues Team, it was agreed that NNDR will be picked up early in 2022/23.
Council Tax	Due to capacity within the Revenues Team, it was agreed that Council Tax will be picked up early in 2022/23.

Annex 1

Overdue 'High Priority' Management Actions

Building Control – Limited Assurance

Observation:

Testing of fee income due, (as recorded on Uniform), for 12 Building Control Applications found:

- Three, where a letter to remind applicants that there fees were due had been issued (13 June, 25 June and 4 July 2019) but no follow up on these in terms of raising an invoice had been undertaken. Fees due from these applicants remained outstanding at the time of the audit (August 2019).
- One, where it is incorrectly recorded that fees have been paid (£400). There is no evidence on Civica that an invoice has been raised
- Eight where the income information recorded on Uniform agrees to Civica.

There is a risk that the Council are unable to demonstrate income has been received and accurately accounted for.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
Reconciliation to take place between Uniform and Civica.	31.05.2020	31.05.2022	In line with the S & R recommendation for Sept 2021, the Council is progressing a partnership with EBC commencing 1 April 2022 and through the partnership agreement will ensure that necessary controls, risk management and governance are implemented, this will include reconciliation of data for the handover of open cases. All outstanding Building Control actions will be addressed through the new shared service arrangement with EBC. We are expecting final aspects of the arrangement to be completed by 31 May 2022.

Annex 2

Overdue 'Low & Medium Priority' Management Actions

Audit Review	Report Date	Opinion	Priority	Due Date	Revised Due Date
Fraud and Irregularities	06/08/2019	Adequate	Medium	31.03.2020	30.04.2022
Building Control	17/12/2019	Limited	Medium	31.07.2020	31.05.2022
			Low	31.10.2020	31.05.2022
			Low	31.10.2020	31.05.2022
			Low	31.05.2020	31.05.2022
			Low	31.10.2020	31.05.2022
Asset Management (Property Assets)	17/12/2019	Adequate	Low	31.03.2021	31.05.2022
			Low	31.03.2021	31.05.2022
Community and Wellbeing Centre	13/07/2020	Limited	Medium	31.03.2021	31.05.2022
			Medium	31.03.2021	31.05.2022
Information Governance	17/08/2020	Adequate	Medium	30.11.2020	30.04.2022
			Medium	30.11.2020	30.04.2022
			Medium	30.11.2020	30.04.2022
			Medium	30.11.2020	30.04.2022
			Medium	30.11.2020	30.04.2022
Development Management	03/03/2021	Reasonable	Medium	30.04.2021	30.09.2022
			Medium	30.06.2021	30.09.2022
			Medium	30.06.2021	30.09.2022
			Medium	30.04.2021	30.09.2022
			Medium	31.12.2021	30.09.2022
Housing Benefits	12/05/2021	Substantial	Low	01.10.2021	30.04.2022
Accounts Payable	18/05/2021	Reasonable	Low	31.12.2021	30.09.2022
Programme and Project Management	18/05/2021	Reasonable	Medium	31.10.2021	30.04.2022
			Medium	31.12.2021	30.06.2022
			Medium	31.12.2021	30.06.2022
Parking and Enforcement	27/07/2021	Reasonable	Medium	30.09.2021	31.03.2022
			Medium	30.09.2021	30.04.2022

Annex 3

Epsom & Ewell Borough Council Assurance Opinions (Pre 2020-21)

Substantial	A sound framework of internal control is in place and is operating effectively. No risks to the achievement of system objectives have been identified.
Adequate	Basically a sound framework of internal control with opportunities to improve controls and / or compliance with the control framework. No significant risks to the achievement of system objectives have been identified.
Limited	Significant weakness identified in the framework of internal control and / or compliance with the control framework which could place the achievement of system objectives at risk.
No	Fundamental weakness identified in the framework of internal control or the framework is ineffective or absent with significant risks to the achievement of system objectives.

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INTERNAL AUDIT PLAN 2022-2023 & INTERNAL AUDIT CHARTER

Head of Service:	Gillian McTaggart, Head of Corporate Assurance
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	Appendix 1 – Internal Audit Plan 2022-2023 Appendix 2 – Internal Audit Charter 2022-2023

Summary

This report introduces the Internal Audit Plan and Charter for 2022-2023.

Recommendation (s)

The Committee is asked to:

- (1) endorse the Internal Audit Plan 2022-2023 as set out at Appendix 1.**
- (2) approve the Internal Audit Charter 2022-2023 as set out in Appendix 2.**

1 Reason for Recommendation

- 1.1 The Committee has overall responsibility for audit and governance frameworks, including the functions of an audit committee.

2 Background

- 2.1 Internal Audit provides the Council, through the Audit, Crime & Disorder and Scrutiny Committee,¹ with an independent and objective opinion on risk management, control and governance.
- 2.2 The internal audit plan establishes how internal audit resources across a given year are to be utilised in order to enable the Chief Internal Auditor to provide their statement of assurance.

¹ This committee will be known as the Audit & Scrutiny Committee from the beginning of the new municipal year.

- 2.3 Southern Internal Audit Partnership (SIAP) became the Council's internal auditors on 1 April 2019 for a four-year period. Since then, it has progressed work against three audit plans. The first was endorsed by this Committee on 16 April 2019, the second on 19 November 2020 (delayed due to the COVID-19 pandemic), and the third on 8 April 2021.

3 Internal Audit Plan 2022-2023

- 3.1 In preparation for the plan for 2022-2023, SIAP has once again several different sources of information such as the corporate risk register, previous audits, and feedback from the Strategic Management Team.
- 3.2 Please see Appendix 1 for the Audit Plan for 2022-2023.

4 Internal Audit Charter 2022-2023

- 4.1 The Public Sector Internal Audit Standards require all internal audit activities to implement and retain a Charter. The Internal Audit Charter for 2022-2023 is attached at Appendix 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.

5 Risk Assessment

Legal or other duties

5.1 Impact Assessment

- 5.1.1 None for the purposes of this report.

5.2 Crime & Disorder

- 5.2.1 None for the purposes of this report.

5.3 Safeguarding

- 5.3.1 None for the purposes of this report.

5.4 Dependencies

- 5.4.1 None for the purposes of this report.

5.5 Other

- 5.5.1 The annual opinion in June could potentially result in a proposal to amend the annual plan, as it is risk-based.

6 Financial Implications

6.1 The audit days within the plan are 199, these can be funded from the agreed budget.

6.2 **Section 151 Officer's comments:** None arising from the contents of this report.

7 Legal Implications

7.1 No implications for the purpose of this report.

7.2 **Legal Officer's comments:** none arising from this report.

8 Policies, Plans & Partnerships

8.1 **Council's Key Priorities:** The following Key Priorities are engaged:

8.1.1 Effective Council – Engaging, responsive and resilient Council

8.2 **Service Plans:** The matter is included within the 2022-2023 Service Delivery Plan.

8.3 **Climate & Environmental Impact of recommendations:**

8.3.1 No implications for the purpose of this report.

8.4 **Sustainability Policy & Community Safety Implications:**

8.4.1 No implications for the purpose of this report.

8.5 **Partnerships:**

8.5.1 The Council's arrangements with partners, such as shared services, are considered during the plan's preparation.

9 Background papers

9.1 The documents referred to in compiling this report are as follows:

Previous reports:

- INTERNAL AUDIT PLAN AND CHARTER 2021/22, Audit, Crime & Disorder and Scrutiny Committee, 8 April 2021. Online available: <https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=157&MId=919> [Last accessed 14/03/22].

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Internal Audit Plan

2022/23

Epsom & Ewell Borough Council



**Southern Internal
Audit Partnership**

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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 Senior Management 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, Deputy Head of Southern Internal Audit Partnership, supported by Joanne Barrett, 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 2020, 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 conforms to all 64 of these principles. We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN). We are pleased to report that SIAP conform with all relevant, associated elements.'

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.

Four Year Plan 2020 - 2024

Epsom & Ewell Borough Council have developed a long-term vision for the borough, Future40. Through extensive engagement and consultation, the Council have brought together the views and aspirations of people that live and work in Epsom and Ewell. Five themes have been identified reflecting people's views and priorities for the borough until 2040. These five themes form the core of the four-year plan.



Council Risks

The corporate 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 leadership risk register closely over the course of the year to ensure our plan remains agile to the rapidly changing landscape.

Ref	Risk Description
S1	Financial - Financial outlook and the impact on income levels including income from commercial tenants
S2	Disruption to Council Services - Backlog and ongoing disruption to services due to impact of Covid and other disruptions to services Impact of a further lockdowns, adverse weather and fuel supply
S3	Local Plan Delivering and implementing the Local Plan and the 5 year land supply
S4	Organisational Capacity and Capability - Failure to deliver the four year plan, annual plan and vision
S5	Health & Safety - Failure to provide adequate health and safety and covid secure
S6	ICT capacity and resilience - Failure to deliver stability, substantial and complex changes and systems with supporting additional home working
S7	County Deal - Impact of proposed deal by Surrey County Council
S8	Economic Regeneration - Impact on economic growth within the Borough
S9	Climate Change - Failure to reduce CO2 omissions and meet targets
S10	Loss of Data/ breach of GDPR/ Cyber Threat

* Risks as per the Leadership Risk Register – presented to Audit, Crime & Disorder and Scrutiny Committee in November 2021.

Developing the internal audit plan 2022/23

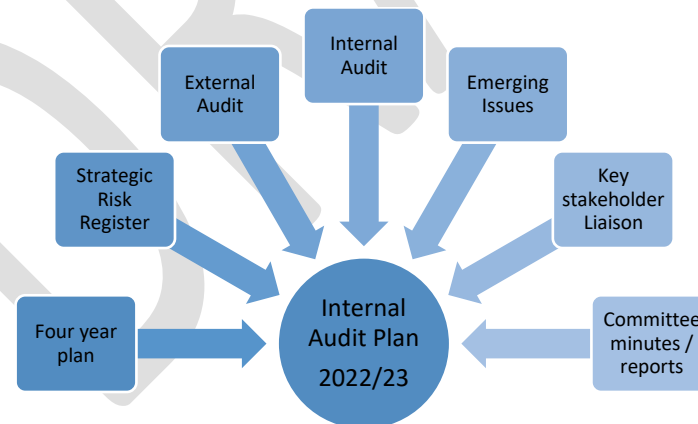
We have used various sources of information and discussed priorities for internal audit with the following groups:

- Strategic Management 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 plan for 2022/23.

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 Review	Audit Sponsor	Indicative Scope	Strategic Risks	Previous IA Coverage	Proposed Timing
Corporate					
Financial Resilience/Savings Realisation		Reassessment of financial risks and impact of assumptions in the MTFS (income, reserves, investments). To assess realisation of savings if applicable.	S1, S4, S7	2021/22 2020/21	Q4
Governance					
Contract Management		Review of contract management arrangements and compliance across a selection of contracts in place.	S2	2019/20 2018/19 2017/18	Q1
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.	S2	2019/20 2016/17	Q3
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. 	S2, S4, S6, S10	2020/21 (COVID response) 2017/18	Q4
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 	S2, S4	2021/22 2019/20 2018/19	Q4

Audit Review	Audit Sponsor	Indicative Scope	Strategic Risks	Previous IA Coverage	Proposed Timing
		<ul style="list-style-type: none"> Absence management Recruitment Training & Development Workforce Strategy / Development Flexible Working HR policies and procedures Agency staff, volunteers. <p>2022/23 focus to be Recruitment and a follow up of Performance Management.</p>			
Ethical Governance		Evaluation of the design, implementation and effectiveness of EEBC's ethics-related objectives, programmes and activities.			Q2
IT					
Networks, Communications and Firewall Management		Assurance over new SD-WAN implementation and security and management of firewalls and compliance with policy.	S6	2016/17	Q3
Systems Development		Assurance over policies, procedures and compliance for low code developments.	S6		Q4
IT Business Continuity & Disaster Recovery – Follow Up		Follow up of the previous internal audit and the management actions identified.	S6	2020/21	Q1
Core Financial Reviews					
NNDR				2017/18	Q1
Council Tax				2017/18	Q2
Accounts Receivable/Debt Management		Programme of cyclical systems reviews		2019/20	Q2
Main Accounting				2019/20	Q4

Audit Review	Audit Sponsor	Indicative Scope	Strategic Risks	Previous IA Coverage	Proposed Timing
Environment, Housing and Regeneration					
Homelessness		Assurance over management and prevention of homelessness and review of temporary accommodation placements. Review of the policies and procedures in place against statutory obligations.	S2	2020/21 2018/19	Q1
Development Management		Planning (street naming, CIL); Development Control (planning applications, appeals); Planning enforcement.	S2	2020/21 2018/19	Q3
Building Control		New partnership initiated in April 2022 with EBC. To consider governance, deliverables and outcomes.	S2	2019/20	Q3
Investments		Assurance over the governance, accountabilities, viability and outcomes of Investments. To include but not limited to the Property Investment Company (EEPIC).	S1	2018/19	Q2
Other					
WDC Conservators Account		An annual review and completion of the annual governance and accountability return.		Annual	Q1
Management		To include annual planning, reporting and attendance at SLT and Committee meetings, action tracking, liaison with key stakeholders and annual report and opinion.			Q1-4
Total plan days for 2022/23					199

Internal Audit Charter – 2022/23

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 (Deputy 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 Strategic Management 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 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 Corporate Assurance 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 Corporate Assurance 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 arrangements 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
Crawley Borough Council
Arun 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
Ringwood Town Council
Lymington & Pennington Town Council
Langstone Harbour Authority
Chichester Harbour Authority
Isle of Wight College

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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ANNUAL REPORT 2021-2022

Head of Service:	Gillian McTaggart, Head of Corporate Assurance
Wards affected:	(All Wards);
Urgent Decision?	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	Appendix 1 – Annual Report 2021-2022

Summary

This report presents the Annual Report of the Audit, Crime & Disorder and Scrutiny Committee for 2021-2022.

Recommendation (s)

The Committee is asked to:

- (1) Approve the Annual Report 2021-2022 attached at Appendix 1 and to present the Annual Report to the next meeting of Council.**

1 Reason for Recommendation

- 1.1 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.

2 Background

- 2.1 Attached at Appendix 1 is the draft Annual Report 2021-2022, which looks back across the year on the work of the Committee.
- 2.2 On approval, the Annual Report 2021-2022 will be presented to the next meeting of Council.

3 Risk Assessment

3.1 Impact Assessment

3.1.1 None for the purposes of this report.

3.2 Crime & Disorder

3.2.1 None for the purposes of this report.

3.3 Safeguarding

3.3.1 None for the purposes of this report.

3.4 Dependencies

3.4.1 None for the purposes of this report.

3.5 Other

3.5.1 None for the purposes of this report.

4 Financial Implications

4.1 There are no financial implications in this report.

4.2 **Section 151 Officer's comments:** None arising from the contents of this report.

5 Legal Implications

5.1 There are no legal implications arising from this report.

5.2 **Legal Officer's comments:** none arising from the contents of this report.

6 Policies, Plans & Partnerships

6.1 **Council's Key Priorities:** The following Key Priorities are engaged:

6.1.1 Effective Council – Engaging, responsive and resilient Council.

6.1.2 Safe & Well – A place where people feel safe, secure and lead healthy, fulfilling lives.

6.2 **Service Plans:** The matter is not included within the current Service Delivery Plans.

6.3 **Climate & Environmental Impact of recommendations:** no relevance for the purpose of this report.

6.4 **Sustainability Policy & Community Safety Implications:** no relevance for the purpose of this report

6.5 **Partnerships:** not applicable

7 Background papers

7.1 The documents referred to in compiling this report are as follows:

Previous reports:

Agendas and minutes from the Audit, Crime & Disorder and Scrutiny Committee between 1 April 2021 – 31 March 2022. Online available: <https://democracy.epsom-ewell.gov.uk/ieListMeetings.aspx?Committeed=157> [Last accessed 11/03/22].

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Annual Report of the Audit, Crime & Disorder and Scrutiny Committee 2021-2022

1. Introduction

- This Annual Report provides Council with an overview of the work of the Audit, Crime & Disorder and Scrutiny Committee undertaken during 2021-2022.
- The Committee met five times between 01 April 2021 and 11 March 2022, with the following Member attendance:

Member	Actual Attendance at Meetings	Nominated Substitute
Councillor Steve Bridger (Chair)	5	
Councillor Nigel Collin (Vice Chair)	5	
Councillor Steven McCormick (Vice Chair) (April only)	1	
Councillor Arthur Abdulin	5	
Councillor Liz Frost	5	
Councillor Rob Geleit	4	1
Councillor David Gulland	5	
Councillor Previn Jagutpal	1	
Councillor Colin Keane (April only)	1	
Councillor Phil Neale	4	
Councillor Alan Sursham	2	
Councillor Chris Webb	1	

- The Committee considered and agreed its work programme for 2021-2022 in April 2021. The work programme was designed to ensure that the Committee would meet its statutory and local responsibilities and provided the Council with added value and assurance.
- Two notable changes to the Committee were actioned in the year. Firstly, quarterly budget monitoring reports began to be brought to this Committee from September 2021. Secondly, the Council's committees' terms of reference were updated and approved by Full Council in February 2022, this included a name change of this Committee to the Audit & Scrutiny Committee, and the creation of a separate Crime and Disorder sub Committee (of the Environment and Safe Communities Committee). This change will come into effect for the next municipal calendar.

2. Effectively Holding Decision Makers to Account

- This section pertains to the scrutiny element of the Committee's responsibilities. Specifically, it considers the scrutiny of the Council's decisions and actions, matters which affect residents, future policy development and other corporate projects and initiatives the Committee feels are relevant to review.
- 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.
- In the year 2021-2022, the Committee received a report outlining the key findings from a post-implementation review of the use of Defoe Court for temporary accommodation. One of the key findings is to ensure that going forward, resource for the delivery of projects is factored in as part of the initial planning and included in requests for funding, especially for "invest to save cases" where delays are costly to the Council. This finding will be extended to all other Council departments via the updates to our corporate project monitoring from April 2022 onwards.
- The Committee received the "Annual Report on the use of Delegated Powers" in June 2021. These are significant decisions that are made based on the principle, within the Council's Scheme of Delegation, that officers are authorised to do all things that are necessary to run their services and to implement council policies, provided their actions are taken within budget and according to standing orders and so forth. This also covers urgent decisions made, for instance, when responding to an emergency. Committee chairs are consulted, and councillors notified via members updates and the annual delegated powers report.
- Following consideration, the Committee resolved unanimously to note the significant decisions taken by Officers in consultation with relevant Chair recorded using the delegated authority process from 22 May 2019 to 28 May 2021.
- A scrutiny training session was also held for Committee members in July 2021. The session, titled 'How can we make scrutiny more effective?', was led by a representative from the Centre for Governance and Scrutiny.

3. Improving Services and the Quality of Life for Local People

- Scrutiny, again, is the topic of this section, within the context of how the council is performing in light of its four-year corporate plan, which is split into four annual plans, and contributing to the quality of life for its residents and businesses.
- The Committee noted progress made against the Council's Four Year Plan, year 2020-2021, which encapsulates how the Council will contribute to the

long-term vision for Epsom and Ewell.¹ The Committee reviewed a progress report in April 2021 and the end of year report in June 2021.

- The year end report for 2020-2021 highlighted that 63% of the year's objectives had been achieved, with 12% close to completion or waiting for data at the time of the report's writing. 3% were 'information only' indicators. The 35% of objectives that were not achieved, were largely due to the Covid-19 pandemic such as national lockdowns, staff absences and staff redeployed / workloads increased due to Council's emergency response work.² Following consideration of the report, the Committee unanimously agreed to note the achievement of the individual key priority targets 2020-2021 and the actions to be taken in 2021-2022.
- The Committee carried out a pre scrutiny of the Annual Plan 2021-2022 prior to it being reported to the Strategy & Resources Committee. The Committee generally supported the methodology and approach and recommended a number of proposed changes to the objectives and key performance indicators.
- In April 2021 the Committee received an update on the Council's emergency response to the Covid-19 pandemic, which identified some of the high-level findings and follow-up actions. The Council will continue to closely monitor any developments in this area. In addition, the ongoing financial implications of the pandemic will regularly feature at the Committee as part of the quarterly budget monitoring reports.
- The Committee met its responsibilities under the Police and Justice Act 2006 by reviewing the work of the local Community Safety Partnership (CSP) in April 2021.
- The Committee considered and reviewed a report on the work of the Epsom & Ewell CSP, and an appendix containing information on its agreed actions and priorities, namely:
 - Focus on the most vulnerable or those at risk of harm
 - Serious Organised Crime and PREVENT
 - Identifying and tackling crime and anti-social behaviour
 - Improving community engagement.
- The local Borough Inspector - Surrey Police being a key statutory partner of the CSP - attended the Committee meeting and provided Committee members with a presentation. He updated the Committee on work undertaken by Surrey Police within the borough. Committee members raised four matters, concerning police staffing resources, communication with local councillors,

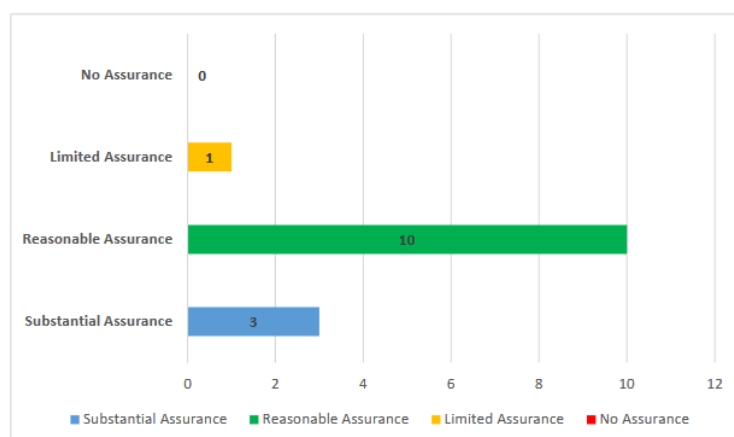
¹ For more information see: <https://www.future40.org/about/> [Last accessed 10/03/22].

² For a full commentary on the missed targets see: <https://democracy.epsom-ewell.gov.uk/documents/s20004/Four%20Year%20Plan%20Year%20End%20Performance%20Report%202020%21%20Appendix%202.pdf> [Last accessed 10/03/22].

and catalytic converter theft. The Committee agreed to note the report and provided comments on the work of the CSP.

4. Monitoring and Improving the Council's Governance

- This section relates to the audit element of the Committee's responsibilities, and how it has maintained oversight of the council's framework of governance, risk management and internal control environment.
- Governance can be defined as "comprising the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved."³ Governance includes processes, procedures, policies, administrative systems, legal arrangements and so forth, "through which [an organisation's] objectives are set and pursued in" their environmental context, while "ensuring that stakeholders can have confidence that their trust in that [organisation] is well founded."⁴
- To ensure good governance, the Committee has considered six reports from the Council's independent internal audit function within the year. These reports cover audit planning for the year, internal audit's findings with respect to individual business units' governance arrangements, and an overall opinion on status of the Council's governance.
- The Head of Southern Internal Audit Partnership provided his annual opinion to Committee in June 2021. He concluded that for the year 2020-2021, the overall adequacy and effectiveness of the Council's framework of governance, risk management and control was "reasonable". The outcomes of 14 completed audits are as follows:⁵



Substantial –A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Reasonable - There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Limited - Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

No - Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

*2 reviews did not culminate in an audit opinion as one related to a review of the Local Government Compensation Scheme claims and the other to the Conservators Accounts sign off.

³ CIPFA (2014) *International Framework: Good Governance in the Public Sector*. London: Chartered Institute of Public Finance and Accountancy, p. 8.

⁴ The Chartered Governance Institute UK & Ireland (no date) *What is corporate governance?* Online available: <https://www.cgi.org.uk/about-us/policy/what-is-corporate-governance> [Last accessed 10/03/22].

⁵ See SIAP (2021) *Annual Internal Audit Report & Opinion 2020-21*, Southern Internal Audit Partnership. Online available: <https://democracy.epsom-ewell.gov.uk/documents/s19997/Annual%20Internal%20Audit%20Report%20and%20Opinion%20202021%20Appendix%201.pdf> [Last accessed 10/03/22].

- 93% of the audits received a “reasonable” or “substantial” opinion, and where weaknesses have been identified through internal audit review, [Internal Audit] have worked with management to agree appropriate corrective actions and a timescale for improvement.”⁶ Progress on improvement actions are reported within each quarterly Internal Audit progress report brought to the Committee.
- The internal audit annual opinion also underpins the Council’s Annual Governance Statement (AGS). The 2020-2021 AGS was approved by the Committee in June 2021. The statement presented the Council’s opinion on its governance arrangements and their effectiveness, as well as reporting on how governance improvements identified in the previous statement had been addressed, and actions to be pursued in the following year.⁷ The AGS was also reviewed by external audit and included alongside their annual audit of the Council’s finances.
- In November 2021, the Committee considered the annual report on the council’s risk management framework. The report provided an update on the Council’s risk management arrangements and the top risks being addressed by the Council as recorded in the Corporate Risk Register. Other points addressed were:
 - since January 2021, Applied Resilience has been supporting the Council in delivering emergency planning;
 - the 2017-2021 Risk Management Strategy was due to expire, which would be reviewed and updated when the new Business Assurance Manager commenced his duties in January 2022;
 - the Climate Change Action Plan is under the remit of the Planning Policy team who had recently recruited an Environment and Sustainability Project Officer;
 - a new corporate Health and Safety Officer will be addressing the matter of the completion of a risk assessment by employees who work from home on certain days.
- The Committee did not identify any further risks or points which it wished to raise with management.
- The annual report on matters relating to the Regulation of Investigatory Powers Act 2000 (RIPA) was considered in June 2021. The Act and the Codes of Practice issued under section 71 regulate the way in which the Council conducts surveillance for the purposes of law enforcement. The Committee was informed that there were no applications for directed surveillance authorisations in 2020. The Committee also agreed to note the findings of the inspection by the Investigatory Powers Commissioner’s Office,

⁶ Ibid, footnote 6.

⁷ The full statement can be found at: <https://democracy.epsom-ewell.gov.uk/documents/s20001/Annual%20Governance%20Statement%20202021%20Appendix%201.pdf>
[Last accessed 11/03/22].

which did not put forward any recommendations for the Council to address.⁸ Members did note that there was currently no member of staff accredited in RIPA. The Officer explained that historically, RIPA has not been used frequently, and that there is no need at present to employ an expert in this field. However a RIPA refresher training course was held for the Environmental Health team in October 2021.

- The Head of Finance presented the forecasts for the revenue and capital outturn for the financial year. The Committee received Quarter 1 in September, Quarter 2 in November and Quarter 3 in February. The revenue monitoring identifies favourable and unfavourable variances and the actions or plans in place to address these.
- The capital monitoring reports focus on the core capital programme, property acquisition fund, S106 developers' contributions and Community Infrastructure Levy. These were presented to the Committee in September 2021, November 2021, and February 2022.
- In addition, the Head of Finance brought a report to the November Committee on the proposal for the appointment of a new external auditor for a five year period from 1 April 2023. The Committee agreed with the recommendation to accept the national procurement scheme through Public Sector Audit Appointments Limited (PSAA), which will recommended to Strategy & Resources Committee and Full Council.

5. Conclusion

- 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.

⁸ See Section 7 of the June meeting, available at: <https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CIId=157&MIId=920&Ver=4> [Last accessed 11/03/22].

FOUR YEAR PLAN: PERFORMANCE REPORT 2021-2022

Head of Service:	Gillian McTaggart, Head of Corporate Assurance
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	Appendix 1: Key Objectives for 2021-2022 Appendix 2: Narrative on missed Annual Plan objectives and KPIs

Summary

This report provides an update on the objectives and key performance indicators (KPI's) from the Annual Plan for 2021- 2022

Recommendation (s)

The Committee is asked to:

- (1) consider the key objectives and KPI's for 2021-2022 as set out in Appendix 1.**
- (2) consider the update on those targets currently shown as Red and Amber as set out in Appendix 2 and action to be taken.**

1 Reason for Recommendation

- 1.1 The Audit, Crime & Disorder and Scrutiny Committee has a responsibility under Paragraph 4 of the Overview and Scrutiny Procedure Rules of the Constitution for monitoring progress on the Council's Corporate Plan.
- 1.2 In line with this responsibility, the Committee is asked to consider the Council's performance against the objectives for 2021-2022 as set out in Annual Plan approved by full Council on 30 September 2021.

2 Background

Key Objectives for 2021-2022

- 2.1 The Council agreed a Four Year Plan for the period 2020 to 2024 in February 2020.. The six themes are

- 2.1.1 Green & Vibrant - A better place to live where people enjoy their surroundings
- 2.1.2 Safe & Well - A place where people feel safe, secure, and lead healthy, fulfilling lives.
- 2.1.3 Opportunity & Prosperity - A successful place with a strong, dynamic local economy where people can thrive
- 2.1.4 Smart & Connected - Alive and connected socially, economically, geographically, and digitally.
- 2.1.5 Cultural & Creative - A centre for cultural and creative excellence and inspiration.
- 2.1.6 Effective Council—Engaging, responsive and resilient Council.
- 2.2 The Key Priority Targets for 2020-2021 were drafted to reflect new priorities given the impact of Covid 19 on Council Services. These were reported to this committee in June 2021.
- 2.3 An amended Annual Plan for 2021-22 was agreed on 30 September 2021 replacing the previous KPT's and KPI's. A total of 26 objectives were agreed and supported by a number of KPI's. This report provides an update on those objectives and some simple KPI's. Further development of the KPI's is underway and will be reported in 2022-2023
- 2.4 A further report on the year end performance will be brought to the Committee in June 2022.
- 2.5 The Annual Plan for 2022-2023 was approved by full Council in February 2022. At the September 2021 Council meeting, a new corporate planning process and timetable was agreed to align the budget setting process with the setting of annual priorities. The revised timetable ensures that funding is agreed at an earlier stage and that priorities and projects can be delivered without the need to request additional funding.
- 2.6 The table below provides information on the number of key objectives that were achieved in 2021-2022 to date. It also includes information from the last two years.¹

¹ Please note that the data reported in this report for the last two years may not correspond with that published at the time. This is due to the necessity to make the multi-year data comparable by counting the recycling indicator as an information only indicator in each year.

Key to reporting Status	2021-2022		Previous years	
	No.	%	2020-2021	2019-2020
Green (achieved)	24	66.7%	58.5%	63.5%
Amber (slippage)	6	16.7%	9.4%	3.8%
Red (missed target)	6	16.7%	32.1%	32.7%
Information only indicator	3	N/A	N/A	N/A
TOTAL	39	100.1%	100%	100%

- 2.8 Further details and commentary on those targets currently at Red and Amber, and KPI's that are off target, are provided in Appendix 1 and 2.

Annual Plan 2022-2023

- 2.9 A new performance management framework is in development. This will identify the appropriate KPI's to monitor alongside the objectives in the Annual Plan for 2022-2023.
- 2.10 The Business Assurance team are currently working with all Heads of Service to establish a meaningful set of KPIs for next year, and to ensure data collection processes are in place.

3 Risk Assessment

Legal or other duties

3.1 Impact Assessment

- 3.1.1 No implications associated with this report.

3.2 Crime & Disorder

- 3.2.1 No implications associated with this report.

3.3 Safeguarding

- 3.3.1 No implications associated with this report.

3.4 Dependencies

- 3.4.1 Overall achievement of the key outcomes of the Four Year Plan 2020-2024 has been impacted by the COVID-19 pandemic. However the new Annual Plan for 2022-2023 reflects the Council's restated priorities.

3.5 Other

- 3.5.1 No other implications.

4 Financial Implications

- 4.1 Delivery of the objectives for 2021-2022 will be met by the approved budget for 2021-2022. In developing the Annual Plan 2022-2023, the financial implications of all priorities has been taken into consideration within the budget proposals for 2022-2023. For any priorities that require a separate business case to identify financial implications, these will need to be considered by the appropriate Committee in accordance with the Financial Regulations.
- 4.2 **Section 151 Officer's comments:** None arising from the contents of this report.

5 Legal Implications

- 5.1.1 No implications associated with this report.
- 5.2 **Monitoring Officer's comments:** none arising from this report.

6 Policies, Plans & Partnerships

- 6.1 **Council's Key Priorities:** The following Key Priorities are engaged:
 - 6.1.1 Green & Vibrant – A better place to live where people enjoy their surroundings
 - 6.1.2 Safe & Well – A place where people feel safe, secure and lead healthy, fulfilling lives
 - 6.1.3 Opportunity & Prosperity – A successful place with a strong, dynamic local economy where people can thrive
 - 6.1.4 Smart & Connected – Alive and connected socially, economically, geographically and digitally
 - 6.1.5 Cultural & Creative – A centre for cultural and creative excellence and inspiration
 - 6.1.6 Effective Council – Engaging, responsive and resilient Council

- 6.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 6.3 **Climate & Environmental Impact of recommendations:** the Annual Plan reflects some objectives from the Climate Change Action Plan.
- 6.4 **Sustainability Policy & Community Safety Implications:** The Annual Plan 2021-22 reflects some objectives from the of Community Safety & Enforcement Action Plan.
- 6.5 **Partnerships:** Successful achievement of some objectives will require work with partners,

7 Background papers

- 7.1 The documents referred to in compiling this report are as follows:

Previous reports:





- Four Year Plan 2020-2024; Strategy & Resources Committee 14 January 2020
- Financial Impact of COVID-19, Strategy & Resources Committee 2 July 2020
- <http://th-modgov-01/documents/s21225/Annual%20Plan%202021-%202022.pdf>
- <http://th-modgov-01/documents/s22824/Annual%20Plan%202022-2023.pdf>

Other papers:

- Service Delivery Plan 2021/22




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Annual Plan 2021-2022: Key Objectives and Performance Indicators (to date)

 Green and Vibrant	 Safe and Well	 Opportunity and Prosperity	 Cultural and Creative	 Effective Council
<ul style="list-style-type: none"> AP7 - Identify Tree Planting areas and a policy and procedure for tree planting: Oct 2021 (HoPD; E&SC) AP8 - Deliver electric vehicle charging points in council owned car parks and through policies in the local plan for new development: Nov 2021 (HoHC; E&SC) AP6 - Deliver a communication and education programme to raise awareness about climate change and to encourage changed behaviours: Mar 2022 (HoPD; E&SC) Indicator: % of waste recycled: Q1 54.2% (Q1) (HoOS; E&SC) 	<ul style="list-style-type: none"> AP10 - Review current CCTV arrangements in consultation with partners to develop an options appraisal: Oct 2021 (HoHC; E&SC) Indicator: Households living in emergency nightly paid temporary accommodation per month: 94, target <40 (HoHC; C&W) AP11 - Establish new patrols in the Borough to tackle anti-social behaviour and environmental protection issues: Nov 2021 (HoHC; E&SC) AP9 - Develop and implement a programme of activities to address mental health, loneliness, domestic abuse and digital exclusion, post pandemic: Mar 2022 (HoHC; C&W) AP12 - Establish a Community and Voluntary Sector Forum for the Borough: Sep 2021 (HoHC; C&W) AP13 - Continue conversations with community leaders, so the Council can make a positive difference in developing inclusive communities: Mar 2022 (HoHC; S&R) AP14 - Develop and adopt a planning Enforcement Plan: Oct 2021 (HoPD; LPPC) AP15 - Establish and review the work programme and membership of the multi-agency enforcement/community safety working group to coordinate enforcement actions in the Borough: Aug 2021 (HoHC; E&SC) Indicator: Days taken to process Housing Benefit change of circumstances: 4.33 days, target 11 days (HoDST; S&R) Indicator: Days taken to process new Housing Benefit claims: 20.91 days, target 28 days (HoDST; S&R) Indicator: % of establishments that received a rating of 3 (generally satisfactory) or better under the Food Hygiene Rating Scheme: 99% (HoHC; C&W) 	<ul style="list-style-type: none"> AP5 - Undertake a consultation on the Local Plan options and key sites in line with Regulation 18: Mar 2022 (HoPD; LPPC) AP19 - Working in partnership with the Local Economic Partnership (LEP), develop a pipeline of infrastructure projects: Mar 2022 (HoPD; S&R) Indicator: % of Major planning applications decided in time: 14% (HoPD; LPPC) Indicator: % of Non-Major planning applications decided in time: 14% (HoPD; LPPC) AP20 - Review homelessness policy, procedures and practices to identify ways to reduce those presenting as homeless: Jan 2022 (HoHC; C&W) AP16 - Expand the market place offer in Epsom Town Centre and other local centres in the Borough: Mar 2022 (HoOS; S&R) AP17 - Pursue opportunities for commercial property acquisitions as they become available: Mar 2022, NONE TO DATE (HoPR; S&R) AP18 - Develop a plan for Council owned properties (disposal, redevelopment and renovation): Mar 2022 (HoPR; S&R) AP21a - Re-commence business breakfasts: Sep 2021 (HoPD, AP21b - Develop & implement a programme of business engagement: Nov 21+ (HoPD; Sept 2021) Indicator: % of Major planning applications allowed at appeal: 2.7% (HoPD; LPPC) Indicator: % of officer recommendations overturned by the Planning Committee: 0% (HoPD; LPPC) 	<ul style="list-style-type: none"> AP24 - Support a programme of cultural and heritage events: Mar 2022 (HoHC; C&W) <ul style="list-style-type: none"> Installation of the Emily Davidson Statue and the Derby Hall of fame Support the opening of Horton Chapel Film Festival Family Fun Day Christmas Festival MSG04 Arts Festival Agreed national commemorative events Platinum Jubilee including Derby Festival (planning for June) AP23a - Welcome residents back to the Playhouse safely by promoting the reopening of the theatre and the return of performances: Mar 2022 (HoOS; C&W) AP23b - Provide a programme to support those in education: Mar 2022 (HoOS; C&W) 	<ul style="list-style-type: none"> AP25 - Meet relevant key milestones of the work overseen by the Local Government Boundary Commission to review the Council's electoral arrangements (Head of CA; S&R and Full Council) <ul style="list-style-type: none"> Provide a Council submission to the Local Government Boundary Commission on Warding arrangements in the Borough: Jul 2021 Provide a Council submission to the Local Government Boundary Commission on their draft recommendations on Warding arrangements in the Borough: Dec 2021 Report to Council on the Local Government Boundary Commission on their final recommendations: Mar 2022 For 2022-2023 Carry out Polling Station Review: ongoing into next year. AP26 - Deliver a balanced budget and a five year Capital Programme: Feb 2022 (CFO: S&R and Full Council) Indicator: % of Business Rates collected: 86% Q3 (HoDST; S&R) Indicator: % of Council Tax collected: 96% Q3 (HoDST; S&R)
<div>  Covid Related </div> <div> AP3 - Deliver a food pantry: Nov 2021 (HoHC; C&W) AP4 - Design, commission and install a memorial to commemorate the lives of Borough residents lost as a result of the pandemic by March 2022 (HoOS; S&R) AP1 - Deliver a youth hub to assist young people to develop skills to access the workplace: Aug 2021 (HoHC; C&W) AP2 - Working with partners, develop and implement a plan for reopening the High Street in line with Government funding programme: Oct 2021 (HoPD; S&R) </div>				
			<div>  Smart and Connected </div> <ul style="list-style-type: none"> AP22 - Make our online services easier for residents to find and access through further development of the 'My Council Services' approach for Operational Services. Develop and promote a communication strategy to support this: Dec 2021, new deadline March 2022 (HoDST; S&R) 	

Key: Achieved or on target; achieved, but not in accordance with target date; slightly off target / slippage / expecting to complete shortly; off target / unlikely to be achieved for projected year or not achieved; Information only indicator / no target

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Objective / Indicator Description		Responsible Officer/Committee	Update
 Green and Vibrant			
AP 7	Identify Tree Planting areas and a policy and procedure for tree planting: Oct 2021	Head of Place Development / LPPC	Over 70 trees were planted in the year. This action will be developed further next year into a Tree Planting Strategy / Scheme.
AP 8	Deliver electric vehicle charging points in council owned car parks and through policies in the local plan for new development: Nov 2021 (HoPD; E&SC)	Head of Housing & Community / C&W	Contract awarded and project plan being agreed for all sites with contractor. First installation due in April 2022
 Safe and Well			
AP 10	Review current CCTV arrangements in consultation with partners to develop an options appraisal: Oct 2021	Head of Housing & Community / C&W	Carried forward into 2022-23 Annual Plan.
KPI	Households living in emergency nightly paid temporary accommodation per month.	Head of Housing and Community	<p>Significant impact from COVID and new government instructions to accommodate all rough sleepers.</p> <p>This year's figure: 94 Last year's figure: 101 Target: 40</p>
AP 11	Establish new patrols in the Borough to tackle anti-social behaviour and environmental protection issues: Nov 2021	Head of Housing & Community / C&W	A new supervisor has been recruited and other recruitment is underway. Patrols and training will follow once team in place.
 Opportunity and Prosperity			
AP 5	Undertake a consultation on the Local Plan options and key sites in line with Regulation 18: Mar 2022	Head of Place Development / LPPC	Target delayed and new deadline set for 2022-2023 for March 2023
AP 19	Working in partnership with the Local Economic Partnership (LEP), develop a pipeline of infrastructure projects: Mar 2022	Head of Place Development / LPPC	<p>Infrastructure Group established with SCC. EEBC has fed requirements into the SCC Infrastructure Plan. Working with LEP to develop schemes and bids.</p> <p>Consultations have taken place. Yet ultimately connected to the progress of the Local Plan, as this will identify, and provide evidence for, key infrastructure projects.</p>

Objective / Indicator Description		Responsible Officer/Committee	
KPI	% of Major planning applications decided in time	Head of Place Development	<p>The drop in performance was due to staffing issues, including vacant posts, IT downtime and an increase in workloads over that period. An improvement programme is also underway in the development management and enforcement service.</p> <p>This year's figure: 14% Last year's figure: 79% Target: 60%</p>
KPI	% of Non-Major planning applications decided in time	Head of Place Development	<p>See above.</p> <p>This year's figure: 14% Last year's figure: 79% Target: 70%</p>
AP 20	Review homelessness policy, procedures and practices to identify ways to reduce those presenting as homeless: Jan 2022	Head of Housing & Community / C&W	Homeless and Rough Sleeper Strategy going to Community & Wellbeing Committee 17 March 2022. A review of procedures is included in the 2022-2023 service plan.
 Covid Related			
AP 3	Deliver a food pantry: Nov 2021	Head of Housing & Community / C&W	Lease sign-off is due to complete late March / early April, followed by launch (expected in next 2-months).
AP 4	Design, commission and install a memorial to commemorate the lives of Borough residents lost as a result of the pandemic by March 2022 (HoOS; S&R)	Head of Operational Services	Design and commissioning complete, however the installation milestone has slipped – expected in early part of next municipal year.

COMMITTEE WORK PROGRAMME 2022-2023

Head of Service:	Gillian McTaggart, Head of Corporate Assurance
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	None

Summary

This report presents the Committee with the work programme for 2022-2023.

Recommendation (s)

The Committee is asked to:

- (1) **Note and agree the on-going work programme for 2022-2023 as presented in Section 2.**

1 Reason for Recommendation

- 1.1 Article 6 (paragraph 6.7) of the Constitution states that the Committee “will exercise overall responsibility for the work programme of those officers whose function is wholly to support its work”.¹ Therefore the recommendation enables the Committee to maintain oversight of its work programme 2022-2023 and make any additions or adjustments it may wish.

2 Work Programme 2022-2023

- 2.1 The proposed committee work programme for 2022-2023 is presented in Section 2.3 below.

¹ See *Constitution of Epsom and Ewell Borough Council*, p. 13. Online available: <https://democracy.epsom-ewell.gov.uk/documents/g1309/Public%20reports%20pack%2028th-Jan-2022%20Constitution%20of%20Epsom%20and%20Ewell%20Borough%20Council.pdf?T=10&Info=1> [Last accessed 15/03/22].

2.2 The plan includes reports that relate to the committee's areas of responsibility as stipulated in its terms of reference.²

2.3 Work Programme 2022-2023:

Meeting		Agenda
Past	February 2022	<ul style="list-style-type: none"> Internal Audit Progress Report 2021-2022 (Feb 2022) Annual Governance Statement Progress Report (2021-2022) Revenue Budget Monitoring – Quarter 3 (2021-2022) Capital Budget Monitoring – Quarter 3 (2021-2022) Work Programme 2021-2022
		<ul style="list-style-type: none"> Internal Audit Progress Report 2021-2022 (Apr 2022) Internal Audit Plan 2022-2023 & Internal Audit Charter Annual Report on the Community Safety Partnership Four Year Plan: Performance Report 2021-2022 (deferred from Feb 2022) External Audit Update Committee Annual Report 2022-2023 (to be presented to Full Council) Work Programme 2022-2023
Present	April 2022	<ul style="list-style-type: none"> Internal Audit Progress Report 2021-2022 (Apr 2022) Internal Audit Plan 2022-2023 & Internal Audit Charter Annual Report on the Community Safety Partnership Four Year Plan: Performance Report 2021-2022 (deferred from Feb 2022) External Audit Update Committee Annual Report 2022-2023 (to be presented to Full Council) Work Programme 2022-2023
		<ul style="list-style-type: none"> Annual Internal Audit Report & Opinion 2021-2022 Internal Audit Progress Report 2022-2023 (Jun 2022) Annual Governance Statement 2021-2022 Four Year Plan: Year End Report 2021-2022 Use of Delegated Powers Annual Report Work Programme 2022-2023
Future	June 2022	<ul style="list-style-type: none"> Annual Internal Audit Report & Opinion 2021-2022 Internal Audit Progress Report 2022-2023 (Jun 2022) Annual Governance Statement 2021-2022 Four Year Plan: Year End Report 2021-2022 Use of Delegated Powers Annual Report Work Programme 2022-2023
		<ul style="list-style-type: none"> Revenue Budget Monitoring – Quarter 1 (2022-2023) Capital Budget Monitoring – Quarter 1 (2022-2023) Counter-Fraud and Whistleblowing Annual Report (inc. gifts and hospitality) Equality & Diversity (inc. modern slavery) Annual Report 2021-2022 Statement of Accounts and Audit Findings Report 2021-2022 Revenue & Capital Financial Outturn Report 2021-2022 Treasury Management Outturn Report Work Programme 2022-2023
Future	September 2022	<ul style="list-style-type: none"> Revenue Budget Monitoring – Quarter 1 (2022-2023) Capital Budget Monitoring – Quarter 1 (2022-2023) Counter-Fraud and Whistleblowing Annual Report (inc. gifts and hospitality) Equality & Diversity (inc. modern slavery) Annual Report 2021-2022 Statement of Accounts and Audit Findings Report 2021-2022 Revenue & Capital Financial Outturn Report 2021-2022 Treasury Management Outturn Report Work Programme 2022-2023
		<ul style="list-style-type: none"> Internal Audit Progress Report 2022-2023 (Nov 2022) Revenue Budget Monitoring – Quarter 2 (2022-2023) Capital Budget Monitoring – Quarter 2 (2022-2023)

² See *Committee Terms of Reference*, Full Council, 15 February 2022, pp. 22-24. Online available: <https://democracy.epsom-ewell.gov.uk/documents/s22823/Committee%20Terms%20of%20Reference%20Appendix%201.pdf> [Last accessed 15/03/22].

		<ul style="list-style-type: none"> • Update on Compliance with the Surveillance Camera Code of Practice • Regulation of Investigatory Powers Act (2000) Annual Report • Work Programme 2022-2023
	February 2023	<ul style="list-style-type: none"> • Revenue Budget Monitoring – Quarter 3 (2022-2023) • Capital Budget Monitoring – Quarter 3 (2022-2023) • Four Year Plan: Performance Report 2021-2022 • Work Programme 2022-2023
	April 2023	<ul style="list-style-type: none"> • Internal Audit Progress Report 2022-2023 (Apr 2023) • Internal Audit Plan 2023-2024 & Internal Audit Charter • External Audit Update • Committee Annual Report 2022-2023 (to be presented to Full Council) • Work Programme 2023-2024

3 Local Government and Social Care Ombudsman

- 3.1 The Council received its annual letter from the Local Government and Social Care ombudsman in July 2021. There were no Ombudsman recommendations due for compliance by the Council in the period. Further details on the complaints the Ombudsman have received and assessed, as well as copies of the annual letters they send to the Council, can be accessed on their public website at this address:
<https://www.lgo.org.uk/your-councils-performance> [last accessed 23/03/2022].

4 Risk Assessment

Legal or other duties

4.1 Impact Assessment

- 4.1.1 No implications for the purposes of this report.

4.2 Crime & Disorder

- 4.2.1 The annual report on the Community Safety Partnership will be taken to the Crime and Disorder sub committee in the next municipal year.

4.3 Safeguarding

- 4.3.1 No implications for the purposes of this report.

4.4 Dependencies

4.4.1 Completion of the Council's financial accounts for 2022-2023 are dependent upon consideration of the Annual Internal Audit Report and Opinion.

4.5 Other

4.5.1 No implications for the purposes of this report.

5 Financial Implications

5.1 None for the purposes of this report.

5.2 **Section 151 Officer's comments:** The proposed work programme would meet statutory deadlines for the external audit of the Statement of Accounts.

6 Legal Implications

6.1 None for the purposes of this report.

6.2 **Legal Officer's comments:** none arising from this report.

7 Policies, Plans & Partnerships

7.1 **Council's Key Priorities:** All key priorities are engaged.

7.2 **Service Plans:** The matter is/is not included within the current Service Delivery Plan.

7.3 **Climate & Environmental Impact of recommendations:** None for the purposes of this report.

7.4 **Sustainability Policy & Community Safety Implications:** As per Section 3.2.

7.5 **Partnerships:** None for the purposes of this report.

8 Background papers

8.1 The documents referred to in compiling this report are as follows:

Previous reports:

Work Programme 2021/22, Audit, Crime and Disorder and Scrutiny Committee, 3 February 2022. Online available: <https://democracy.epsom-ewell.gov.uk/documents/s22711/Work%20Programme%20202122.pdf> [Last accessed 15/03/22].