Democratic Services

EPSOM & EWELL
BOROUGH COUNCIL

AUDIT AND SCRUTINY COMMITTEE

Tuesday 30 September 2025 at 7.30 pm

Place: Council Chamber, Epsom Town Hall

Online access to this meeting is available on YouTube: <u>Link to online broadcast</u>

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

Councillor Steven McCormick (Chair)   Councillor Tony Froud
Councillor Phil Neale (Vice-Chair)   Councillor Alison Kelly
Councillor Chris Ames   Councillor Jan Mason
Councillor Steve Bridger   Councillor Chris Watson

Yours sincerely

Chief Executive

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

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 using free YouTube software.

A link to the online address for this meeting is provided on the first page of this agenda. A limited number of seats will be available on a first-come first-served basis in the public gallery at the Town Hall. If you wish to observe the meeting from the public gallery, please arrive at the Town Hall reception before the start of the meeting. A member of staff will show you to the seating area. 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 this 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 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 Act 1972 (as amended). Should any such matters arise during the course of discussion of the below items or should the Chair agree to discuss any other such matters on the grounds of urgency, the Committee may wish to resolve to exclude the press and public by virtue of the private nature of the business to be transacted.

Questions and statements from the Public

Up to 30 minutes will be set aside for questions and statements from members of the public at meetings of this Committee. Any member of the public who lives, works, attends an educational establishment or owns or leases land in the Borough may ask a question or make a statement on matters within the Terms of Reference of the Committee.

All questions must consist of one question only and cannot consist of multiple parts. Questions and statements cannot relate to planning or licensing committees matters, 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 Chair are defamatory, offensive, vexatious or frivolous will not be accepted. Each question or statement will be limited to 3 minutes in length.

If you wish to ask a question or make a statement at a meeting of this Committee, please contact Democratic Services at: democraticservices@epsom-ewell.gov.uk

Questions must be received in writing by Democratic Services by noon on the fifth working day before the day of the meeting. For this meeting this is **Noon, Tuesday 23 September**.

A written copy of statements must be received by Democratic Services by noon on the working day before the day of the meeting. For this meeting this is **Noon, Monday 29 September**.

For more information on public speaking protocol at Committees, please see Annex 4.2 of the Epsom & Ewell Borough Council Operating Framework.

Filming and recording of meetings

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Members of the Press who wish to film, record or photograph a public meeting should contact the Council's Communications team prior to the meeting by email at: communications@epsom-ewell.gov.uk

Filming or recording must be overt and persons filming should not move around the room whilst filming nor should they obstruct proceedings or the public from viewing the meeting. The use of flash photography, additional lighting or any non-handheld devices, including tripods, will not be allowed.

AGENDA

1.   QUESTIONS AND STATEMENTS FROM THE PUBLIC

To take any questions or statements from members of the Public.

2.   DECLARATIONS OF INTEREST

To receive declarations of any Disclosable Pecuniary Interests or other registrable or non-registrable interests from Members in respect of any item to be considered at the meeting.

3.   MINUTES OF THE PREVIOUS MEETING (Pages 5 - 16)

The Committee is asked to confirm as a true record the Minutes of the Meeting of the Committee held on the 17 July 2025 (attached) and to authorise the Chair to sign them.

4.   WORK PROGRAMME - SEPTEMBER 2025 (Pages 17 - 20)

This report presents the Committee with its annual Work Programme.

5.   AP24/5/3 PERFORMANCE REPORT (Pages 21 - 26)

This report provides an update on the progress of the ICT Strategy following a question from a member of the committee at the July meeting.

6.   PERFORMANCE AND RISK REPORT - SEPTEMBER 2025 (Pages 27 - 78)

The appendix to this report provides an overview of the council's performance with respect to its ongoing annual plan actions from 2024-25, key performance indicators, corporate risks, committee risks, and annual governance statement actions.

7.   REVENUE BUDGET MONITORING - QUARTER 1 (Pages 79 - 88)

This report presents the forecast revenue outturn position for the current financial year 2025/26, as at Quarter 1 (30 June).

8.   CAPITAL BUDGET MONITORING QUARTER 1 (Pages 89 - 102)

This report presents the capital monitoring position at Quarter 1 for the current financial year 2025/26.

9.   MANAGEMENT RESPONSE TO EXTERNAL AUDITORS' REPORT (Pages 103 - 110)

To present a report on the management responses to the External Auditor's recommendations as requested at the March 2025 A&S committee.

10.   INTERNAL AUDIT EXTERNAL QUALITY ASSESSMENT (Pages 111 - 128)

The purpose of this paper is to provide an overview of the alternative options considered in commissioning an external assessor to undertake the pending independent assessment of the Southern Internal Audit Partnership against the Global Internal Audit Standards in the UK Public Sector.

11.   REVISED INTERNAL AUDIT CHARTER 2025-2026 (Pages 129 - 152)

This report provides the Audit & Scrutiny Committee with the Internal Audit Charter 2025/26 (Revised).

12.   INTERNAL AUDIT STRATEGY (Pages 153 - 164)

The purpose of this report is to provide the Audit and Scrutiny Committee with the Internal Audit Strategy 2025–2028.

13.   INTERNAL AUDIT: AUDIT PLAN 2025-2026 (Q3/Q4) (Pages 165 - 184)

This report provides the Audit & Scrutiny Committee with the Internal Audit Plan for 2025-26 (Q3/4).

14.   ICT AUDIT ACTIONS PROGRESS REPORT (Pages 185 - 194)

Progress report on ICT Audit Actions.

15.   INTERNAL AUDIT: PROGRESS REPORT (Pages 195 - 214)

As required by the Global Internal Audit Standards in UK Public Sector this report presents the Internal Audit Progress Report (August) 2025-26. The report provides the Audit and Scrutiny Committee with an overview of internal audit activity and assurance work completed in accordance with the approved audit plan and provides an overview of key updates relevant to the discharge of the committee's role in relation to internal audit.

16.   EXCLUSION OF THE PRESS AND PUBLIC (Pages 215 - 216)

The Committee is asked to consider whether it wishes to pass a resolution to exclude the Press and Public from the meeting in accordance with Section 100A (4) of the Local Government Act 1972 on the grounds that the business involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act (as amended) and that pursuant to paragraph 10 of Part 2 of the said Schedule 12A the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Minutes of the Meeting of the AUDIT AND SCRUTINY COMMITTEE held at the Council Chamber, Epsom Town Hall on 17 July 2025

PRESENT -

Councillor Steven McCormick (Chair); Councillor Phil Neale (Vice-Chair); Councillors Chris Ames, Steve Bridger, Tony Froud, Alison Kelly and Chris Watson

In Attendance: Councillor James Lawrence, Natalie Jerams (Deputy Head of Partnership, Southern Internal Audit Partnership) (in attendance remotely), Joanne Barrett (Audit Manager, Southern Internal Audit Partnership) (in attendance remotely), Ade Oyerinde (External Auditor, Grant Thornton) (in attendance remotely for items 1-10) and Usman Rasheed (External Auditor, Grant Thornton) (in attendance remotely for items 1-10)

Absent: Councillor Jan Mason

Officers present: Cagdas Canbolat (Director of Corporate Services (S151)), Sue Emmons (Chief Accountant), Will Mace (Corporate Governance & Strategy Manager) and Phoebe Batchelor (Democratic Services Officer)

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1   QUESTIONS AND STATEMENTS FROM THE PUBLIC

The Committee received one written statement from a member of the public which was delivered verbally at the meeting.

2   POINT OF ORDER

Councillor Chris Ames raised a Point of Order regarding the non-attendance of the Chief Executive at the Committee Meeting.

Councillor Ames highlighted that the Committee voted to require the attendance of the Chief Executive at the 17 July Audit and Scrutiny Committee Meeting. Councillor Ames asked for an explanation as to why the Chief Executive is not present.

Councillor Ames asked what was done to request the attendance of the Chief Executive to the July A&S Meeting. Councillor Ames asked if the Scrutiny Officer asked the Chief Executive to attend, he asked for the terms of the request, and the response to be shared.

Councillor Ames expressed frustration at the non-attendance of the Chief Executive at the Committee Meeting and at not receiving responses to the questions he raised prior to the Committee Meeting.

The Chair informed the Committee that the Chief Executive did not refuse to come to the meeting. The Chair explained that the Chief Executive will be present at the September Audit and Scrutiny Committee Meeting.

The Chair continued to explain that the Scrutiny Officer followed the correct steps, and a discussion took place with the Chief Executive regarding attendance at the meeting. The Chair explained that Members could discuss the report and raise questions and then the Chief Executive will be present at the September Committee Meeting.

Councillor Ames asked the Chair if the Chief Executive was invited to the July Meeting or the September Meeting. The Chair informed the Committee that he had invited the Chief Executive to the September Meeting.

Councillor Ames expressed frustration at the Chair's decision to invite the Chief Executive to the September Meeting, rather than the July Meeting, as specified in Councillor Lawrence's motion which A&S Committee Agreed on the 27 of March 2025. The Chair noted Councillor Ames comments.

Councillor Ames asked which officer will speak to the report if the Chief Executive is not present. The Chair confirmed that the Director of Corporate Services (S151) would speak to the report and answer questions as a representative of the Council's Strategic Leadership Team (SLT).

Councillor Ames stated that they believed the Chair was obstructing scrutiny by inviting the Chief Executive to the September Meeting instead of July.

The Chair noted the comments and informed the Committee that his role is to execute the Committee under the Terms of Reference, and with officers' support. The Chair stated that this discussion could continue under the relevant item on the agenda.

3   DECLARATIONS OF INTEREST

No declarations of any Disclosable Pecuniary Interests or other registrable or non-registrable interests were declared by Members with respect to any item to be considered at the meeting.

4   MINUTES OF THE PREVIOUS MEETING

A Member of the Committee asked if Minute 57 of the March 27, 2025 minutes was correct, or paragraph 2.2 in the Management Response to External Auditor's report. The Chair asked the Member if they had a query as to accuracy of the minutes. The Member confirmed they believed the minutes were accurate.

The Committee confirmed as a true record the Public Minutes of the Meeting of the Committee held on 27 March 2025 and authorised the Chair to sign them.

5   OMBUDSMAN ANNUAL REPORT 2024-25

The Committee received a report providing the annual review of complaints received and decisions made by the Local Government and Social Care Ombudsman (LGO) between April 2024- and March 2025 inclusive.

The following matters were considered:

a)   **Report Correction.** The Corporate Governance and Strategy Manager highlighted that in paragraph 3.4 of the report, it should state that 'Details of these complaints have ***not*** previously been reported to this committee, ***as the complaints were not upheld.***' He continued to explain that details can be shared if Members wish to know more and invited interested Members to get in touch with the relevant Head of Service.

b)   **Population Figures.** A Member of the Committee raised that it would be helpful to add the borough and district population figures to the table on page 17, so people can see a measure of complaints per person across the county.

c)   **Improvements.** A Member of the Committee asked if there was an improvement which the Council have documented to get the results. The Corporate Governance and Strategy Manager explained that the Council has been reviewing their complaint procedures and processes and making updates through providing training and appointing staff who can lead on complaints.

Following consideration, the Committee unanimously resolved to:

(1)   Receive and note the Local Government and Social Care Ombudsman Annual Review Letter 2024-25.

6   USE OF URGENT DECISIONS ANNUAL REPORT

In accordance with the Council's Scheme of Delegation to officers, the Committee received a report setting out urgent decisions taken by officers in consultation with committee Chairs for the period 3 June 2024 to 3 June 2025.

The following matters were considered:

a)   **UD 151.** A Member of the Committee expressed their opinion that urgent decision 151 was not actually an urgent decision, but a decision of convenience. The Member asked what was the serious prejudice that was result from not postponing the meeting of Full Council and what was the Mayor told about the knock-on effect of postponing the April Full Council meeting to May, in terms of other decisions then being taken as urgent decisions. The Chair confirmed that a written response could be provided following the meeting.

b)   **UD 143-145.** A Member of the Committee asked why there has not been further urgent decisions regarding parking concessions for Playhouse staff and volunteers. The Chair stated that he believed the issue had been resolved but encouraged the Member to look at the UD forms which have been published on MemberNews. The Chair confirmed that a written response could be provided following the meeting.

Following consideration, the Committee unanimously resolved to:

(1)   Note the urgent decisions taken by officers, in consultation with relevant committee Chairs, recorded using urgent decision forms from 3 June 2024 to 3 June 2025

7   PERFORMANCE AND RISK REPORT: 2024-25 END OF YEAR REPORT

The Committee received a report providing an update of the council's end of year corporate performance with respect to its 2024-2025 annual plan objectives, key performance indicators, corporate risks, committee risks, and annual governance statement actions.

The following matters were considered:

a)   **PD31.** A Member of the Committee raised a query about risk PD31 about Trees. The Member asked if the Council is confident that the regular tree monitoring is sufficient, given the impact dry weather can have on trees and the concerns many residents have raised. The Member also asked if the regular monitoring is unaffected by the additional costs of thigs like Ash dieback, and what mitigations can be taken to reassure residents they are safe. The Corporate Governance and Strategy Manager confirmed a written response would be provided following the meeting.

b)   **ICT Strategy.** A Member of the Committee asked about AP24/5.3 and queried why it has been red for so long and what the status of the project was. The Member also asked if the Head of IT could attend the September Committee to speak to the item. The Corporate Governance and Strategy Manager informed Committee that a more detailed response could be provided from the relevant officer following the meeting. The Chair confirmed that an updated date and description could be provided from the relevant service area, and confirmed that a request would be made to the relevant Head of Services to attend the next meeting of the Committee.

Following consideration, the Committee unanimously resolved to:

(1)   Note and comment on the corporate performance report (Appendix 1), including those targets which have not been achieved.

8   ANNUAL GOVERNANCE STATEMENT 2024-2025

The Annual Governance Statement (AGS) is an important document which provides assurance concerning the council's governance arrangements, both

financial and non-financial. It is prepared on an annual basis for inclusion in the Statement of Accounts. The Committee received a report seeking the Committee's approval of the draft AGS 2024-25.

The following matters were considered:

a) **Page 101.** A Member of the Committee asked if the statement made by the Monitoring Officer, '*The Council shall be considering the commencement of a Community Governance Review (CGR) at its extraordinary full council meeting scheduled for 26 June 2025,*' could be updated to reflect the fact that the meeting and decision have taken place. The Corporate Governance and Strategy Manager explained that the report has a long lead in time, which explains why the statement references a meeting that has now taken place. The Corporate Governance and Strategy Manager confirmed that the requested change can be made.

b) **Page 102.** A Member of the Committee highlighted the final section on page 102, regarding the Council's External Auditors' comments, and asked for clarification, as it was their understanding that the statement was untrue. The Chair stated that it was their understanding that the statement is true. The Member quoted the February 2025 External Auditors' Findings report, '*We have raised a significant weakness in respect of the Council's governance arrangements,*' and reiterated that they do not believe the statement in the Annual Governance Statement is correct. The Member also raised their concern that the External Auditors' findings have been dismissed and not taken seriously by the Council's Strategic Leadership Team. The Chair noted the comments. The Chair raised that if further amendments are to be made of the Annual Governance Statement, that they can be made and then circulated to Members or return to Committee. The Member stated that the AGS must say explicitly that the External Auditors identified a serious weakness in relation to the Council's governance.

c) **CIPFA Principle G.** A Member of the Committee raised that they were unhappy with the green light being given for implementing good practices in transparency. The Member expressed that this is inappropriate and unacceptable given the External Auditors' finding of a significant weakness in the Council's governance arrangements. The Chair noted the comments and raised that the issues raised would be taken back to Officers and the AGS rereviewed.

d) **Page 115.** A Member of the Committee asked why there are no actions listed on the AGS Action Plan which relate to transparency and taking action to improve it. The Member quoted the comments of the previous Director of Corporate Services (S151) at the February 2025 meeting, '*expressed that the Strategic Leadership Team acknowledge the recommendation of the external auditors to the Council and take it on board and fully understand the need for transparency and appreciate there is more work to be done to provide that as much as possible,*' and

the March 2025 meeting*, 'informed the Committee that the Strategic Leadership Team do accept the recommendations of the External Auditors, and the comments from the Committee, and do intend to continue to deliver improvements in the areas identified.'* The Member queried why the AGS does not reflect the acknowledgement and comments of the previous S151 Officer in regarding to making improvements when it comes to transparency. The Member asked why there are no actions listed on page 115 as promised by the previous S151 Officer. The Chair noted the comments and reminded the Member that the green traffic light mentioned, covers several other items that this Council deals with, not just the transparency matter. The Chair confirmed that the queries could be taken back to the Strategic Leadership Team and response can be provided following the meeting. The Member put on the record that the absence of any reference to improving transparency, improving governance in the additions to the AGS Action Plan undercuts the statements that the Member has read out by the previous S151 Officer.

e)   **Strategic Priorities.** A Member of the Committee queried that in section D on page 106, it reads as though the Council's Strategic Priorities will enable and optimise the achievement of the intended outcomes, rather than that they are the Council's intended outcomes. The Chair noted the comments and confirmed they would be reviewed.

- The Chair proposed that the following wording, italicised and in bold, is added to recommendation one,

  '(1) Approve the 2024-25 draft Annual Governance Statement as set out at Appendix 1, ***noting the questions and comments raised by Audit and Scrutiny Members***, prior to it being signed by the Chief Executive and the Chair of the Strategy and Resources Committee and received to note by Full Council.'

Councillor Kelly seconded the proposal.

The Committee agreed (6 FOR and 1 ABSTAINING) the proposal to include the additional wording in recommendation one.

Following consideration, the Committee resolved (6 FOR, 1 ABSTAINING) to:

(1)   **Approve the 2024-25 draft Annual Governance Statement as set out at Appendix 1, noting the questions and comments raised by Audit and Scrutiny Members, prior to it being signed by the Chief Executive and the Chair of the Strategy and Resources Committee and received to note by Full Council.**

(2)   **Nominate and authorise the Chief Finance Officer, in consultation with the Chair and Vice-Chair of Audit & Scrutiny Committee, to make any required amendments to the Annual Governance Statement prior to its submission with the Statement of Accounts.**

9   WORK PROGRAMME - JULY 2025

The Committee received a report presenting its annual Work Programme.

The following matters were considered:

a)   **Work Programme Process.** A Member of the Committee asked for confirmation that there is a process for adding items to the Audit and Scrutiny work programme. The Chair confirmed that there is a process set out in the Constitution for getting items added to the Audit and Scrutiny agenda and work programme. The Chair encouraged Members to reach out to the Scrutiny Officer to raise potential agenda items for consideration. The Chair explained the next step would be to put the question to Committee as to whether they would like to add the item to the work programme and where it could fit. The Corporate Governance and Strategy Manager confirmed that this is the process and informed Members that if there are any significant implications to adding an item to the agenda, they will be presented to Committee to get their view before proceeding.

b)   **Additional Item.** The Corporate Governance and Strategy Manager proposed that an additional Internal Audit Progress Report was added to the work programme for the November 2025 Audit and Scrutiny Committee Meeting. He explained that this would be beneficial and would ensure there is not a large gap between September and March Internal Audit Progress reports. The February progress report has been removed because of its proximity to the March meeting and its progress report. The additional report would enable Quarter 2 progress to be presented to Committee at the November meeting. The Corporate Governance and Strategy Manager welcomed Members views.

Councillor Lawrence gave a verbal statement to the Committee.

- The Chair proposed that an additional Internal Audit Progress Report was added to the November 2025 Meeting on the work programme.

  The Vice Chair seconded the proposal.

  The Committee unanimously agreed the addition to the work programme.

Following consideration, the Committee unanimously resolved to:

(1)   **Note and agree the ongoing Work Programme as presented in Section 2.**

10   MANAGEMENT RESPONSE TO EXTERNAL AUDITORS' REPORT

The Committee received a report on the management responses to the External Auditor's recommendations as requested at the last A&S committee.

The following matters were considered:

Councillor Lawrence gave a verbal statement to the Committee.

a)   **Chief Executive attendance.** A Member of the Committee raised that a report should not be deferred because of the Chief Executives non-attendance. The Member asked for an explanation as to why the Chief Executive is not in attendance and specifically why they were not invited to the July Committee meeting, since they were specifically requested to attend by the Committee at the March 2025 meeting. The Chair clarified that the Chief Executive did not decide to not attend, but rather it was mutually agreed to bring the report back to July committee and get questions from Members and then have the Chief Executive attend the September meeting.

b)   **Report concerns.** A Member of the Committee raised concerns that the report highlighted SLT's complacency with the External Auditors' recommendations and did not acknowledge that there is any need for change or improvement. The Member stated that there is no point bringing the report back to the September Committee, unless significant changes are made. The Member stated that there has been a change in attitude from SLT, from the March meeting to the July Meeting, which has gone from acknowledging there is room for improvement and changes will be made, to saying there is nothing to change. The Chair noted the comments. The Chair invited questions and views from all Members to be fed back to SLT. The Chair set out that the report can be accepted, and questions followed up on, or it can be deferred and discussed again in September.

c)   **Attendance.** A Member of the Committee raised concern that the Chair did not follow the correct process to invite the Chief Executive to the July A&S Committee, as set out in the motion passed by the Committee in March. The Chair responded to explain that it is their responsibility to balance the needs of officers' time and responsibility with the Committee's requirements. The Chair explained that the report could be discussed, and further questions and comments raised to the Chief Executive before and at the September Committee meeting. The Chair reminded members that the Director of Corporate Services (S151) is present and is a part of the Strategic Leadership Team and would therefore be able to answer questions related to the report. The Member expressed frustration that the process set out in the operating framework, regarding requiring a senior officer's attendance at committee, was not followed or adhered to. The Chair noted the comments.

d)   **Exempt Items.** A Member of the Committee suggested that an additional comment could be added to section 3.31 of the report to highlight that exempt agenda items are placed at the end of the agenda to ensure that the meeting can stay public for as long as possible and any conversations that do not need to be had in private are not done so. The Member stated that it is also important to have these restricted items at the end of the

meeting because it avoids any difficulties members of the public might have attempting to rejoin the online meeting and makes it clear the meeting will not come back online. The Chair confirmed that exempt items are placed at the end of the agenda because once the Committee elects to exclude the press and public, they cannot return back to the public part of the meeting. The Chair informed the Committee that the Strategic Leadership Team can be asked to add an additional sentence to the report to clarify this.

e) **Acknowledgement.** A Member of the Committee asked for an acknowledgement that the External Auditors identified a significant weakness in the Council's arrangements for governance. The Chair confirmed that the question would be fed back to the Strategic Leadership Team. The Director of Corporate Services (S151) informed the Committee that the External Auditors have been asked to provide more information as to how they reached the conclusion they did, and to enable the Strategic Leadership Team to understand what areas were looked at and considered. The Member expressed frustration that there has not been an acknowledgement from a Member of SLT that the External Auditors identified a significant weakness in the Council's arrangements for governance. The Member asked for an example of the Strategic Leadership Team acknowledging something hasn't been done right and highlighting what will change. The Member also asked what specifically is going to change to address the significant weakness identified by the External Auditors. The Chair noted the comments and agreed the questions would be relayed to SLT for a response. The Director of Corporate Services (S151) noted that in 2023/24, when the referenced External Auditors' finding was made, the overall opinion was an unqualified audit opinion, which in order to come to that conclusion, the Council's arrangements would need to be good.

• The Chair proposed the report was deferred to the September 2025 Audit and Scrutiny Meeting, in order to update the report based on Members' comments, get responses to questions raised during the discussion, and to have the Chief Executive will be present.

Councillor Ames seconded the proposal.

The Committee unanimously agreed the proposal and the item was deferred.

f) **Thanks.** The Vice Chair expressed thanks to Councillor Ames and Councillor Lawrence for their enthusiastic approach to the meeting.

Following consideration, the Committee unanimously agreed to **defer the item to the September 2025 Audit and Scrutiny Committee Meeting.**

11   EXTERNAL AUDIT UPDATE – 2024-25 AUDIT PLAN

The Committee received a report presenting the External Audit Plan for 2024/25. In accordance with audit regulations, it must be presented to Committee.

The following matters were considered:

a)   **Report updates.** The Chair highlighted that on page 127, paragraph 2.2 of the report currently states that the unaudited 2024/25 Statement of Accounts was published on the 11th of July (TBC), this can now be confirmed as having been published on the 14th of July. The Chair also explained that on page 164, Grant Thornton have provided an estimate of £9000 for the fee for providing additional work related to the implementation of IFRS 16.

b)   **Governance.** A Member of the Committee brought attention to the fact that the External Auditors' will be following up on their 2023/24 identification of a weakness with the Council's governance arrangements, set out on page 159. The Member expressed their dissatisfaction with the lack of acknowledgement either verbally or in writing from SLT on the External Auditors' finding of a significant weakness with the Council's governance arrangements. The Member asked for an acknowledgement that the terms of the audit plan are a recognition of the finding of a significant weakness and that the External Auditors are planning to assess the Council's arrangements to strengthen transparency. The Director of Corporate Services (S151) explained that the audit plan is not expressing an opinion of the 2024/25 accounts, it is setting out the areas the External Auditors' will be looking at. The Director of Corporate Services (S151) informed the Committee that a decision will be made by assessing the Council's systems, processes and various other lines of decision making. The Director of Corporate Services (S151) explained that Grant Thornton have an arrangement that they put in place to look at areas of potential weakness or risk and the Council will be able to respond to that, and at the end of December, the Council will provide evidence to show whether there are weaknesses. The External Auditor informed the Committee that the report sets out the plan and approach they will be taking to follow up on the previous year's recommendation, and part of that process set out includes a conversation where the Strategic Leadership Team review documentation. The External Auditor explained that once that work is done, they will be able to form a view in terms of whether they feel adequate progress has been made in response to that recommendation.

c)   **Housing situation.** A Member raised a concern with the Council's finances given the current housing situation, particularly with the cost of temporary housing. The Member raised it might be of benefit to include this area in the External Audit Plan, and whether the Council would receive guidance as to how it is managing the housing situation. The Director of Corporate Services (S151) explained that this topic has been taken to the Financial Strategy Advisory Group and the Strategy and

Resources Committee, to discuss housing related pressures. The Director of Corporate Services (S151) explained that the External Auditors might not be specifically looking at housing related issues as it is not set out in the audit plan, but they would comment on it as part of the financial review. The External Auditor explained that they would look at housing arrangements and comment.

d)   **Thanks.** A Member of the Committee expressed thanks to the External Auditors and assured Officers that they understood what page 159 is setting out. The Member noted their concern that Officers do not seem to be aware of the seriousness of the situation and expressed their disappointment that they still haven't heard an acknowledgement that there was a significant weakness identified in 2023/24 that affects the risk assessment for 2024/25. The Chair noted the comments.

Following consideration, the Committee unanimously resolved to:

(1)   **Receive and note the External Audit Plan for 2024/25 as set out in Appendix 1 and acknowledge that the S151 Officer is satisfied with the details of the scope of the audit.**

12   ANNUAL INTERNAL AUDIT CONCLUSION 2024-25

The Committee received a report presenting the Annual Internal Audit Conclusion for 2024/25 (Appendix 1) in accordance with the requirements of the Public Sector Internal Audit Standards.

The following matters were considered:

a)   **Change of personnel.** The Chief Internal Auditor informed the Committee that there will be a new Chief Internal Auditor from the 2025/26 year onwards. The Chief Internal Auditor thanked staff and Members for their responsiveness and engagement.

b)   **Thanks.** The Chair expressed thanks to the Chief Internal Auditor for all her work and support she has provided Officers and Members.

c)   **Data Protection.** A Member of the Committee raised that on page 191, it states that the Council does not formally have a data protection officer and raised a concern regarding the news on cyber-attacks and various large companies experience data protection issues. The Member asked if there has been an update since the report was prepared on this area. The Corporate Governance and Strategy Manager informed the Committee that the Council does have a partnership with a data protection organisation, that provides the Council with expert support and a registered data protection officer. The Chief Internal Auditor appreciated that there has been an update in this area and explained that the report was finalised very early on in the year, so things will have moved on and actions taken, but the Internal Audit must report on the findings at the time.

Following consideration, the Committee unanimously resolved to:

(1)   To consider and note the Annual Internal Audit Conclusion 2024-2025.

13   INTERNAL AUDIT: PROGRESS REPORT

The Committee received a report providing an overview of internal audit activity against the assurance work completed in accordance with the approved audit plan (2024-25) and providing an overview of the status of management actions.

The following matters were considered:

d)   **Playgrounds.** A Member of the Committee asked what the subject of the report was regarding playgrounds. The Internal Audit Manager informed the Committee that the playground review was looking at the inspection regime of the playground equipment, how repairs are identified and managed, the health and safety of the users of playgrounds, and the maintenance of the assets and their life cycle. The Internal Audit Manager explained that the review is still under discussion with management, who have not yet signed off the accuracy of the report, so the assurance opinion is still subject to change depending on whether any inaccuracies are highlighted within the draft report.

e)   **Thanks.** A Member of the Committee thanked officers for their timely responses to questions that were raised prior to the meeting regarding the exempt appendix 2 document.

Following consideration, the Committee unanimously resolved to:

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

The meeting began at 7.30 pm and ended at 9.45 pm

COUNCILLOR STEVEN MCCORMICK (CHAIR)

COMMITTEE WORK PROGRAMME – SEPTEMBER 2025

Head of Service:	Andrew Bircher, Assistant Director of Corporate Services
Report Author:	Will Mace, Corporate Governance & Strategy Manager
Wards affected:	(All Wards)
Appendices (attached):	None

Summary

This report presents the Committee with its annual Work Programme.

Recommendation (s)

The Committee is asked to:

(1) Note and agree the ongoing Work Programme as presented in Section 2.

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1 Reason for Recommendation

1.1 Paragraph 4.6 of the Constitution states that the Committee "can scrutinise decisions made by the Full Council or policy committees"[1]. Paragraphs 1.3(i) and 1.3(iii) of Annex 4.6 of the Council Operating Framework also states that the Committee "will be responsible for arranging the overview and scrutiny functions on behalf of the council" as well as "approving an annual overview and scrutiny Work Programme".[2] Therefore the Committee is able to maintain oversight of its Work Programme and make any additions or adjustments it wishes.

2 Background

2.1 The committee Work Programme is presented below. The programme includes reports that relate to the committee's areas of responsibility, as stipulated in its terms of reference.[3]

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[1] See *Constitution of Epsom and Ewell Borough Council*, p.3. Online available: https://democracy.epsom-ewell.gov.uk/ieListMeetings.aspx?CId=205&info=1&MD=Constitution [Last accessed 29/08/2025]

[2] See *Council Operating Framework, Annex 4.6: Overview, Audit and Scrutiny*, p.1. Online available: https://www.epsom-ewell.gov.uk/council/about-council/governance/council-operating-framework [Last accessed 29/08/2025].

[3] See *Constitution of Epsom and Ewell Borough Council: Appendix 3 – Terms of Reference for Full Council and Committees*. Online available: Epsom and Ewell Democracy [last accessed 29/08/2025].

2.2   Work Programme:

	Meeting	Agenda
Past	17 July 2025	• Annual Internal Audit Conclusion 2024-2025 • Internal Audit: Progress Report • Annual Governance Statement 2024-2025 • Performance and Risk Report: 2024-25 End of Year Report • Use of Urgent Decisions Annual Report • Management Responses to the External Auditors' Report (6 February 2025) • Placeholder: External Audit Update – 2025/26 Audit Plan • Placeholder: LGO & ICO Updates– July 2025 • Local Government and Social Care Ombudsman Annual Letter 2024-2025 • Work Programme
Present	30 September 2025	• AP24/5/3 Performance Report[4] • ICT Audit Actions Progress Report[5] • Revenue Budget Monitoring – Quarter 1 (2025-2026) • Capital Budget Monitoring – Quarter 1 (2025-2026) • Internal Audit: Audit Plan 2025-2026 (Q3/Q4) • Internal Audit: Revised Internal Audit Charter 2025-2026 • Internal Audit: Strategy • Internal Audit: External Quality Assessment • Internal Audit: Progress Report • Management Responses to the External Auditors' Report[6] • Performance & Risk Report - September 2025 • ~~Placeholder: External Audit Update – 2025/26 Audit Plan~~[7] • ~~Placeholder: LGO & ICO Updates– September 2025~~[8] • Work Programme
Future	13 November 2025	• Revenue Budget Monitoring - Quarter 2 (2025-2026) • Capital Budget Monitoring - Quarter 2 (2025-2026) • Internal Audit: Progress Report[9] • ~~Code of Corporate Governance Annual Review~~[10] • Counter-Fraud and Whistleblowing Annual Report (inc. gifts and hospitality)

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[4] Added by the Committee at the 17th July 2025 meeting.
[5] Added at the request of the Chair.
[6] Added by the Committee at the 17th July 2025 meeting.
[7] This item went to the July 2025 meeting; therefore, the September placeholder has been removed. This was agreed by the Chair and Vice Chair on the 15th of September 2025.
[8] There are no LGO or ICO decisions to report on. This was agreed by the Chair and Vice Chair on the 15th of September 2025.
[9] Added by the Committee at the 17th July 2025 meeting.
[10] It's proposed that this report be moved to February meeting, to provide additional resources for the Community Governance Review project. It also has the advantage of moving the review of the Code closer to the production of the Annual Governance Statement.

		• Placeholder: LCO & ICO Updates – November 2025 • Work Programme
Future	5 February 2026	• Revenue Budget Monitoring – Quarter 3 (2025-2026) • Capital Budget Monitoring – Quarter 3 (2025-2026) • Community Safety Partnership Annual Report • Equity, Diversity and Inclusion Annual Report • Performance and Risk Report – February 2026 • Code of Corporate Governance Annual Review[11] • Placeholder: External Audit Update • Placeholder: LGO & ICO Updates – February 2026 • Work Programme
Future	26 March 2026	• Internal Audit: Annual Plan 2026-2027 (Q1/2) & Internal Audit Charter • Internal Audit: Progress Report • Performance and Risk Report – March 2026 • Committee Annual Report 2025-2026 (to be presented to Full Council) • Regulation of Investigatory Powers Act (2000) Annual Report • Annual Complaints Report • Annual Procurement Waiver Report 2025 • Placeholder: External Audit Update • Placeholder: LGO & ICO Updates – March 2026 • Work Programme

3   Risk Assessment

Legal or other duties

3.1   Equality Impact Assessment

3.1.1 No direct implications arising from this report.

3.2   Crime & Disorder

3.2.1 The next annual scrutiny of the Community Safety Partnership is proposed to be held at the February 2026 committee meeting.

3.3   Safeguarding

3.3.1 No direct implications arising from this report.

3.4   Dependencies

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[11] Ibid fn. 9.

3.4.1 The committee does rely on some of the council's partners, and other committees, to deliver its work programme as proposed in Section 2 (e.g. internal and external audit, and the Community Safety Partnership).

3.5 Other

3.5.1 No other direct implications arising from this report.

4 Financial Implications

4.1 None for the purposes of this report.

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

5 Legal Implications

5.1 None for the purposes of 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: N/A

6.2 **Service Plans**: The report is not included within the current Service Delivery Plan, although several items contained within are.

6.3 **Climate & Environmental Impact of recommendations**: No direct implications arising from this report.

6.4 **Sustainability Policy & Community Safety Implications**: See Para. 3.2.1.

6.5 **Partnerships**: No direct implications arising from this report.

7 Background papers

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

Previous reports:

- Committee Work Programme, *Audit and Scrutiny Committee*, 17th July 2025. Online available: [Epsom and Ewell Democracy](#) [last accessed 22/07/2025].

Other papers:

- None.

AP24/5/3 PERFORMANCE REPORT (ICT STRATEGY)

Head of Service:	Andrew McGuire, Head of IT
Report Author	Andrew McGuire
Wards affected:	(All Wards);
Appendices (attached):	

Summary

This report provides an update on the progress of the ICT Strategy following the request from members at the July meeting.

Recommendation (s)

The Committee is asked to:

(1)   Note the progress that has been made on the ICT Strategy

1   Reason for Recommendation

1.1   As requested by Members at the last Committee meeting, this report brings forward an update on the ICT strategy for councillors to consider, specifically addressing progress on AP24/5.3 and the strategic adjustments made in response to recent organisational changes.

2   Background

2.1   At the last committee we reported progress on the ICT strategy as follows:

Off Track with the following narrative:

The updated ICT strategy was approved by the Strategy and Resources Committee on 28 January 2025. The uncertainty of Local Government Reorganisation (LGR) and cancellation of the move to East Street have had a direct effect on the strategy, whereby several key elements require full revision. This has impacted on the in-year objectives, now showing completion around 60%.

2.2 This report seeks to provide further insight into the challenges that have influenced the direction and pace of the strategy, resulting in delays. It outlines the key areas of the strategy and roadmap currently being addressed, acknowledging that the council is undergoing a programme of significant change while continuing to deliver business-as-usual services. This work is being carried out by a small team that has experienced considerable disruption over recent years.

Datacentre Services

2.3 As part of the original ICT Strategy, there were plans to move the Council's on-site datacentre to a hosted facility managed by a specialist provider. This would have involved physically relocating the hardware to an external site. During this process, any outdated equipment would have been replaced. The move was originally tied to the relocation to 70 East Street, which would have meant closing the old Town Hall and moving to a new building that had insufficient space to support the necessary datacentre infrastructure. However, since the East Street move has been cancelled, relocating to a hosted datacentre is no longer practical. Instead, reviewing and upgrading the existing on-site datacentre is now considered a more cost-effective and operationally sound approach, especially considering the upcoming Local Government Reorganisation.

2.4 Despite this shift, the Council remains committed to modernising its ICT infrastructure. A smaller number of new servers will be deployed to meet current and future computing needs. These upgrades will improve system performance and energy efficiency, helping to reduce the Council's overall carbon footprint.

2.5 Infrastructure upgrades and security improvements are part of the Council's routine ICT operations. This includes replacing older hardware and strengthening protection against new and evolving cyber threats. These updates will continue regardless of any future changes to the organisation or its physical locations, ensuring systems remain secure and reliable as part of business as usual.

2.6 On 28 January 2025, the Strategy & Resources Committee reviewed an updated ICT strategy. This approach focuses on building a flexible and reliable technology setup that balances cost with practical needs. Instead of relying entirely on either local servers or cloud services, the Council will use a mix of both—known as a hybrid model. This will make it easier to work with future unitary partners and support the creation of a shared network system, which is expected to be mostly cloud-based.

2.7 A significant proportion of the main physical infrastructure changes are on course for completion in the next six months.

Network Services

2.8 The Council's network redesign has progressed steadily, with a key focus on removing outdated hardware while ensuring that essential systems—such as Planning, Council Tax, and Housing—continue to operate without disruption. This careful approach has allowed critical services to remain stable while improvements are made behind the scenes.

2.9 As part of the modernisation effort, connectivity has been upgraded at several Council sites, including Bourne Hall. These upgrades support the Council's 'Cloud Preference' strategy, which aims to make services more flexible and accessible by using cloud-based platforms where appropriate.

2.10 A rolling programme has replaced older copper connections with high-speed fibre at most locations. This not only improves performance but also simplifies management by consolidating services under a single, reliable supplier. The result is a more resilient and future-ready network.

2.11 In August 2024, the legacy 'Unicorn' network was successfully decommissioned. It was replaced with a direct connection to the Department for Work and Pensions (DWP) via a secured network provider, improving security and reliability. Additionally, the Town Hall's primary network link was upgraded to ensure continuity during infrastructure transitions.

End User Compute / Devices

2.12 We plan to continue using the Citrix environment as part of our current strategy to support secure and flexible working. While recent upgrades have improved system resilience, our focus is now on making the environment more usable and better aligned with staff needs. At this stage, the complexities involved in moving to alternative platforms means that Citrix remains the most practical solution.

2.13 We continue to reduce our reliance on legacy systems, recognising the importance of modernising and streamlining our infrastructure. As part of this effort, all corporate laptops have now been upgraded to Windows 11, enhancing security, performance, and compatibility with modern applications. Staff also continue to benefit from the rollout of these devices, completed this spring, which support secure working both within and outside the Citrix environment. This approach promotes flexibility while maintaining robust security standards throughout the transition likely to be associated with Local Government Reorganisation (LGR).

Microsoft 365

2.14 The licensing model for Microsoft 365 was revised upon renewal in March this year to provide a more efficient use of the Licences available to us. This has seen the removal of the typical Office 365 components and a hybrid type M365 licence with the enhanced security that this brings.

2.15   The use of M365 continues to provide staff with flexibility both inside and outside the Citrix environment, and recent improvements have almost fully remediated previous limitations with Teams functionality and restricted printing only allowed within Citrix. Staff are now able to use Teams more effectively and staff and members are now able to print outside Citrix if required.

2.16   The data migration project is ongoing, with additional training booked in conjunction with an external provider to support the transition from on-premises storage to the Microsoft Cloud and in the case of some historical documents on microfiche to the Xerox docushare cloud platform.

Telephony Fixed and Mobile

2.17   Extensive work has been undertaken to modernise the Mitel desk phone estate, with legacy physical hardware successfully replaced by more resilient virtual machines. In parallel, the Playhouse telephony system has transitioned to a cloud-based solution, enabling staff to handle calls remotely when required.

2.18   Following engagement with key stakeholders including the Contact Centre, whose requirements for wallboards and call recording functionality were central to the evaluation the decision has been made to adopt the solution deployed in the Playhouse as the organisation-wide Softphone platform. A formal procurement process is now underway to support its implementation.

2.19   The mobile telephony project outlined in the original strategy has been successfully completed, with approximately 100 handsets and contracts now consolidated under a single service provider. Following the government's decision to withdraw proposed Right to Disconnect legislation, the use of Bring Your Own Device (BYOD) remains permissible where appropriate. Where a business case identifies the need for a corporate handset, the existing deployment process will continue to be used, ensuring best value through the EEBC mobile contract solution and a shared data pool accessible to all devices.

Major and Minor Applications

2.20   Work on essential major applications remains aligned with the original strategy, with the understanding that many will be migrated or consolidated as Local Government Reorganisation (LGR) progresses. It is anticipated that a future EastSurrey.gov unitary authority may adopt a cloud-first approach, replacing or retiring on-premises systems. With increased purchasing power, solutions that are currently financially out of scope for most districts and boroughs may become operationally viable. In parallel, efforts continue to phase out or migrate minor applications, particularly those with limited use or exclusive to EEBC, in favour of platforms shared with likely EastSurrey.gov partners.

Conclusion

2.21 The progress that has been made has been considerable with a number of unexpected BAU activities taking longer to resolve and diverting attention from the overall change programme. However, we have recruited additional temporary resource into the team and are now progressing well, adapting the strategy as appropriate. Given the announcement of LGR, we want to make sure that any changes which are being made are, where possible, consistent with the ways that other potential partner authorities are working so as to avoid rework once the new authority comes into existence.

3   Risk Assessment

Legal or other duties

3.1   Equality Impact Assessment

    3.1.1   All new systems and equipment will be designed and implemented in full compliance with recognised Equality and Access standards. Where applicable, Equality Impact Assessments (EqIAs) will be conducted for new applications to ensure they are inclusive, accessible, and do not inadvertently disadvantage any user group.

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   The ICT Strategy was fully funded through both Capital and Revenue allocations. However, in light of ongoing inflationary pressures and rising ICT costs, budgets are being closely monitored to ensure financial sustainability and value for money throughout the delivery of this work.

4.2   **Section 151 Officer's comments**: Delivering on our ICT strategy will ensure that our systems are modern, aligned with staff needs, and capable of supporting efficient and value for money service delivery.

5   Legal Implications

5.1 **Legal Officer's comments**: None for the purposes of this report.

6 Policies, Plans & Partnerships

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

- • Effective Council - Improve access to services through technology.

- • Smart & Connected – Increase digital connectivity for all.

6.2 **Service Plans**: The matter is included within the current Service Delivery Plan.

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

- Captured in the original report to S&R in September 2023 but now revised in the necessity to retain the datacentre on premise until the plans and structure for new infrastructure in EastSurrey.gov is agreed in the coming year.

- As indicated the replacement hardware will reduce the number of servers required to maintain existing applications and will run cooler and more efficiently. This in turn will reduce the running costs of the datacentre and by doing so reduce the overall CO_2 emissions produced.

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

6.4.1 None for the purposes of this report.

6.5 **Partnerships**:

6.5.1 None for the purposes of this report.

6.6 **Local Government Reorganisation Implications**:

6.6.1 Outlined in the body of this report.

7 Background papers

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

Previous reports:

- Strategy and Resources Committee – 21 September 2023 – Agenda Item 4 (IT Strategy)

- Strategy and Resources Committee – 28 January 2025 – Agenda Item 8 (ICT Strategy Update)

PERFORMANCE AND RISK REPORT - SEPTEMBER 2025

Head of Service:	Andrew Bircher, Assistant Director of Corporate Services
Report Author	Will Mace, Corporate Governance and Strategy Manager
Wards affected:	(All Wards);
Appendices (attached):	Appendix 1 – Quarter 1 2025/26 Performance Report

Summary

The appendix to this report provides an overview of the council's performance with respect to its ongoing annual plan actions from 2024-25, key performance indicators, corporate risks, committee risks, and annual governance statement actions.

Recommendation (s)

The Committee is asked to:

(1) Note and comment on the performance and risk information located at Appendix 1.

1 Reason for Recommendation

1.1 The terms of reference for this committee includes the responsibility for reviewing the performance of the council and the application of the Risk Management Strategy.

2 Background

2.1 The report in Appendix 1 provides the Quarter 1 2025-26 progress update. It consists of the outstanding annual plan actions from 2024-25, the latest key performance indicators, the corporate risk register, the policy committee risk registers, and the annual governance statement actions. The latter includes both outstanding actions from 2023-24 and those recently approved by the Audit and Scrutiny Committee on 17 July 2025.

3   Quarter 1 Performance Report (April 2025 – June 2025)

Carried forward Annual Plan 2024-25 actions	Annual Governance Statement actions
Red 4, Amber 0, Green 0, Cancelled 0	Red 0, Amber 0, Green 11, Cancelled 0

Key Performance Indicators	Corporate and committee risks
Red 3, Amber 1, Green 17, Unknown 1, Data Only 4	Red 7, Amber 34, Green 10, Unknown 0
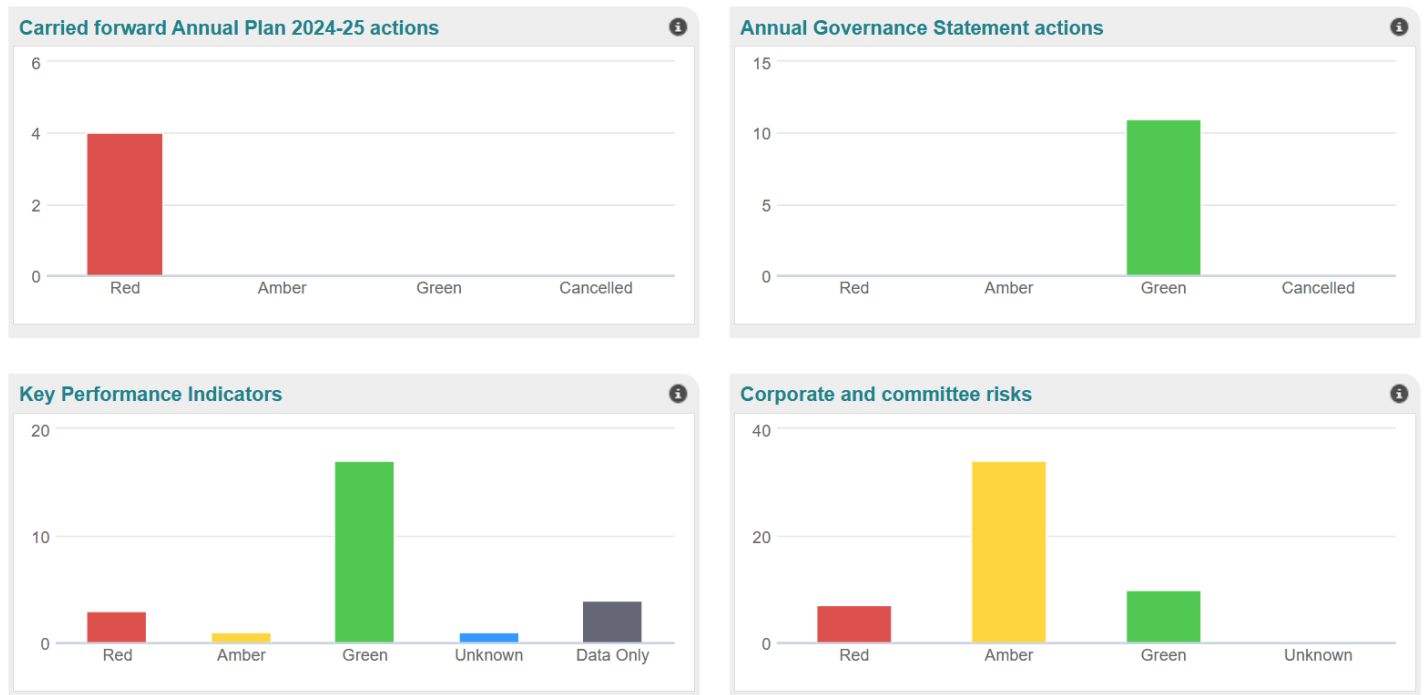
3.1   Carried forward Annual Plan 2024-25 actions

3.1.1 All four actions are red, behind schedule. For the latest updates see Appendix 1.

3.2   Annual Governance Statement actions

3.2.1 All eleven actions are green, on schedule.

3.3   Key Performance Indicators

1.1.1 The majority of the indicators are on or close to target. However, three indicators are off target:

- *Number of households living in nightly paid accommodation*
- *Number of Planning appeals dismissed by the Inspector*
- *Long-term staff sickness absence*

3.3.1 For the latest updates see Appendix 1.

3.4   Key

3.4.1 **Actions:**

- *Red – Behind schedule by more than 3 months*
- *Amber - Behind schedule by up to 3 months*
- *Green – On schedule*
- *Blue – Completed*

3.4.2 **Key Performance Indicators:**

- *Red – Significantly off target*
- *Amber – Marginally off target*
- *Green – On target*
- Note: *The definition for red and amber levels is set for each indicator individually.*

3.4.3 **Risks:**

- *Red / High – Risk score of 12-16*
- *Amber / Medium – Risk Score of 4-9*
- *Green / Low – Risk score of 1-3*

4 Risk Assessment

Legal or other duties

4.1 Equality Impact Assessment

4.1.1 No direct risks.

4.2 Crime & Disorder

4.2.1 No direct risks.

4.3 Safeguarding

4.3.1 No direct risks.

4.4 Dependencies

4.4.1 The production of this report is dependent on the capacity of other service areas and committees to consider and contribute to its content.

4.5 Other

4.5.1 None: corporate and committee risks are included in Appendix 1.

5 Financial Implications

5.1 There are no direct financial implications arising from this report.

5.2 **Section 151 Officer's comments**: Overall, while the majority of indicators and actions are progressing well, the areas highlighted above warrant close attention to ensure that financial risks are managed effectively and that budgetary pressures are addressed in a timely manner.

6 Legal Implications

6.1 There are no direct financial implications arising from this report.

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

7 Policies, Plans & Partnerships

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

- N/A

7.2 **Service Plans**: The matter is included within the current Service Delivery Plan.

7.3 **Climate & Environmental Impact of recommendations**: No direct implications arising from this report.

7.4 **Sustainability Policy & Community Safety Implications**: No direct implications arising from this report.

7.5 **Partnerships**: No direct implications arising from this report.

7.6 **Local Government Reorganisation Implications**: No direct implications arising from this report.

8 Background papers

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

Previous reports:

- Epsom and Ewell Borough Council (2025), *Performance and Risk Report: 2024-25 End of Year Report,* Audit & Scrutiny Committee, 17 July 2025 Online available: Epsom and Ewell Democracy [last accessed 29/08/2025].

Other papers:

- None.

Corporate Performance Report

Quarter 1 2025-2026

1

Annual Plan Progress

The four actions below have been carried forward from the **Annual Plan 2024/5**.

RAG Status*
Red/off track: Behind schedule, more than 3 months **Amber/Slippage:** Behind schedule, up to 3 months
Green/On track: On schedule **Blue:** Completed
* Note: Council and policy committees can agree to revise schedules.

Action Expected Outcome	
Off track	3
On track	1

No	Committee & Relevant Service	Key Deliverables	Target	Dates/Key Milestones	RAG Status	RAG Status	Commentary	Latest Update
AP24/5.3	ICT Service; Strategy & Resources Committee	Deliver ICT Strategy objectives	Deliver the ICT Strategy's 2024/25 road map objectives	31-Mar-2025	🔴	Off track	The updated ICT strategy was approved by the Strategy and Resources Committee on 28 January 2025. The uncertainty of Local Government Reorganisation (LGR) and cancellation of the move to East Street have had a direct effect on the strategy, whereby several key elements require full revision. This has impacted on the in-year objectives, now showing completion around 60%.	04-Jul-2025
AP24/5.15	Community & Wellbeing Committee; Housing and Communities Service	Implement the Homelessness and Rough Sleeper Strategy	• In year objectives complete, including updating empty homes policy. • Quarterly reports to the Community & Wellbeing Committee Chairs meeting. • Housing event held • and network operational.	31-Mar-2025	🔴	Off track	Most of the actions in the action plan have been achieved ahead of schedule, however, there are a few minor proactive actions which have slipped due to the pressure on the service. These actions are expected to be completed in Quarter 2 2025/26. In addition, a review of the service has been undertaken which recommends strengthening the focus on prevention of homelessness based activity. Delivery scheduled for Q1 2026/27.	16-Sep-2025

No	Committee & Relevant Service	Key Deliverables	Target	Dates/Key Milestones	RAG Status	RAG Status	Commentary	Latest Update
AP24/5.17	Community & Wellbeing Committee; Housing and Communities Service	Implement a programme of "modular homes"	• Report submitted to Strategic Leadership Team and • agreed at with relevant Policy Committee Chairs by "Completion Date".	31-Jul-2024	🔴	Off track	The original plan was for a programme of modular homes. As funding for this has been withdrawn, the only site for the programme is Fairview Road. This has been further delayed due to an issue relating to access rights, which is still waiting for a decision by the Land Registry. Completion is anticipated to be between January and March 2026.	29-Aug-2025
AP24/5.23	Crime & Disorder Committee; Housing and Communities Service	Adopt and deliver the Community Safety Action Plan	• In year objectives delivered.	31-Dec-2025	🟢	On track	The Plan was approved in January 2024 by the Crime and Disorder Committee. It runs to December 2025.75% of the Plan has been completed and the remainder is on track to be completed by the end of 2025. Please note the due date for this action has been amended to the end of December to align with its two year implementation.	02-Sep-2025

3

Summary of Key Performance Indicators

Key*

Red/Alert: Off target - significant Amber/Warning: Off target - marginal Green/Ok: On target

*For KPIs the definition for red/warning, amber/alert and green/ok is set for each KPI individually.

PI Status		Long Term Trends		Short Term Trends	
🔴	Alert	⬆	Improving	⬆	Improving
🔺	Warning	➖	No Change	➖	No Change
✅	OK	⬇	Getting Worse	⬇	Getting Worse
❓	Unknown				
📈	Data Only				

Community & Wellbeing Committee

Key Performance Indicator	Status
Number of Households Living in Nightly Paid Accommodation	🔴
Number of Successful Preventions From Homelessness	📈

Environment Committee

Key Performance Indicator	Status
Car Park Visitor Numbers	🔺
Car Park Revenue (£k)	🔴
Parking Penalty Charge Notice Appeals Responded to in 10 Working Days	✅
Waste Collected	✅
Waste Sent for Recycling	📈

Licensing & Planning Policy Committee

Key Performance Indicator	Status
Major Planning Applications Decided in Time	✅
Minor Planning Applications Decided in Time	✅
Other Planning Applications Decided in Time	✅
Planning Appeals Against the Council's Refusal of Planning Dismissed by the Inspector	🛑

Strategy & Resources Committee

Key Performance Indicator	Status
Council Tax Collected	✅
Non Domestic Rates Collected	✅
Forecast Outturn vs Budget (£m)	🛑
Forecast Income from Treasury Management Investment (£k)	✅
Number of Stage 1 Complaints Received	📈
Number of Stage 2 Complaints Received	📈
Average Time Taken (days) to Process Stage One Complaints	✅
Average Time Taken to Process Stage Two Complaints	✅
Average Number of Days of Staff Sickness	⚠️
Short-term Staff Sickness (Av. no days)	✅
Long term sickness absence (Av. no.of days)	🛑
Staff Turnover (voluntary)	✅
Council Owned Vacant Property Rate (%)	✅
Completion Rates for ALL Property Maintenance Works	✅

Key Performance Indicator	Status
Completion Rate for PRIORITY 1 Property Maintenance Works	✅

6

Corporate Key Performance Indicator Charts

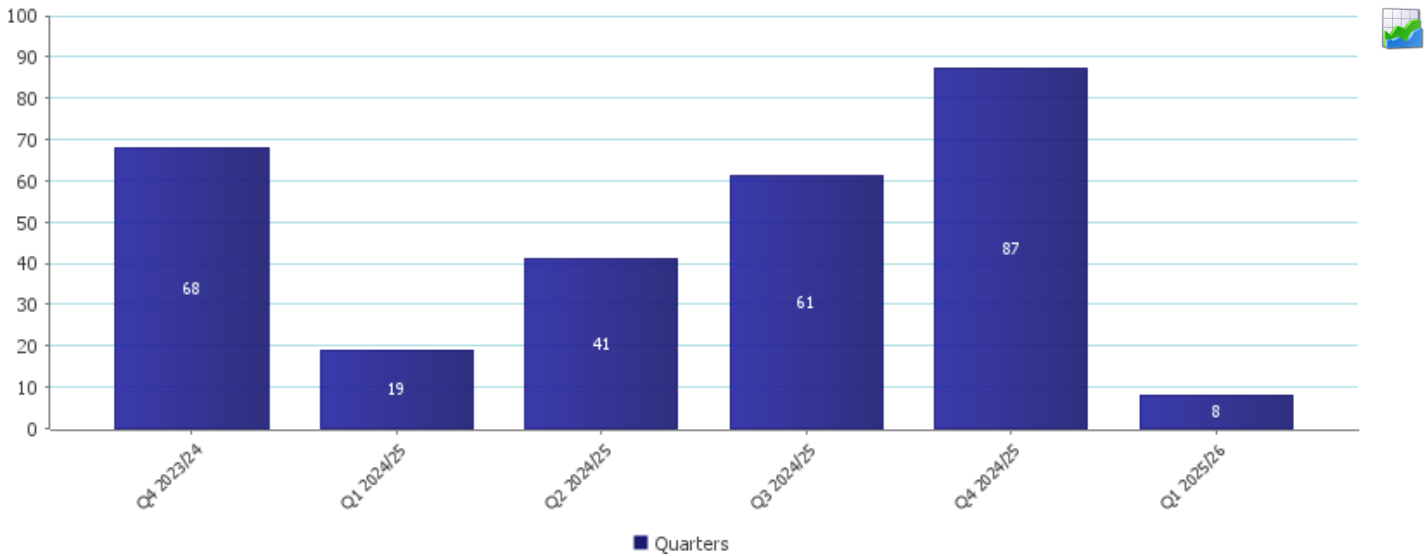| Traffic Light	
Red	5
Amber	2
Green	15
Data Only	4

Number of Households Living in Nightly Paid Accommodation
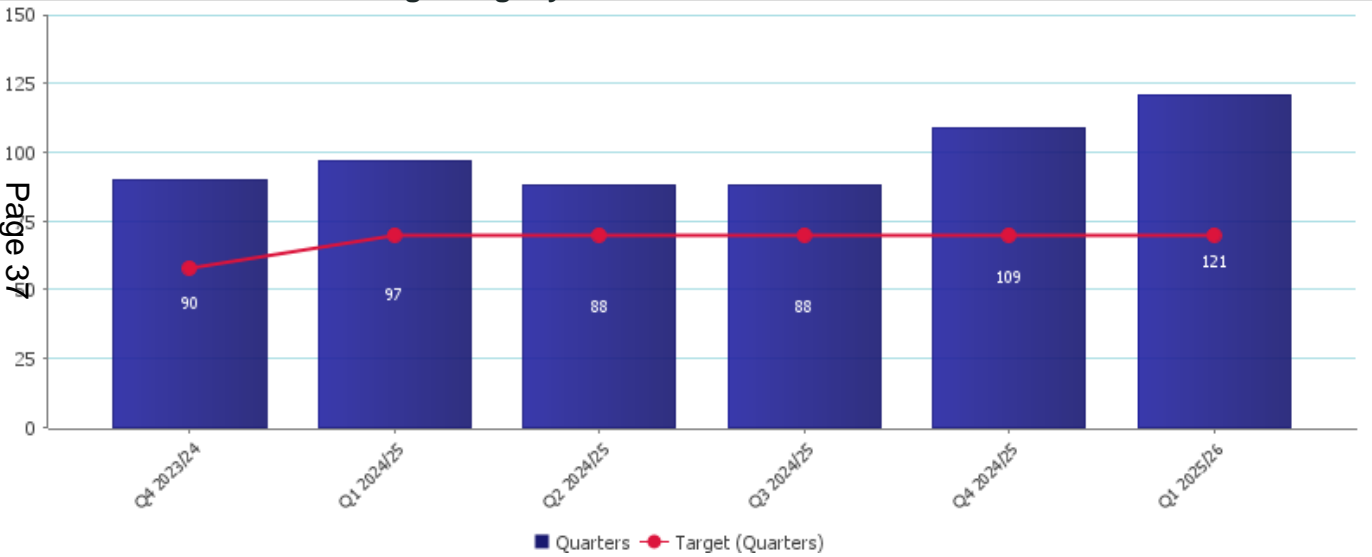
12-Aug-2025

See commentary for risk HC9 below in the Corporate Risk Register. Figure for 30th June.

Number of Successful Preventions From Homelessness

30-Jul-2025

7

Agenda Item 6
Appendix 1

Whilst there has been a reduction in the number of applications where homelessness has been prevented or relieved in Q1 2025/26, as compared to the same quarter in 2024/26, there has been a 28% increase in the number of cases (87) where we have been successful in preventing homelessness at an earlier stage by providing advice and early prevention assistance. This is as a result of changes to service delivery. In addition, there was a 19% increase in homelessness application in Q1 25/26 as compared to Q1 24/25.

8

Car Park Visitor Numbers
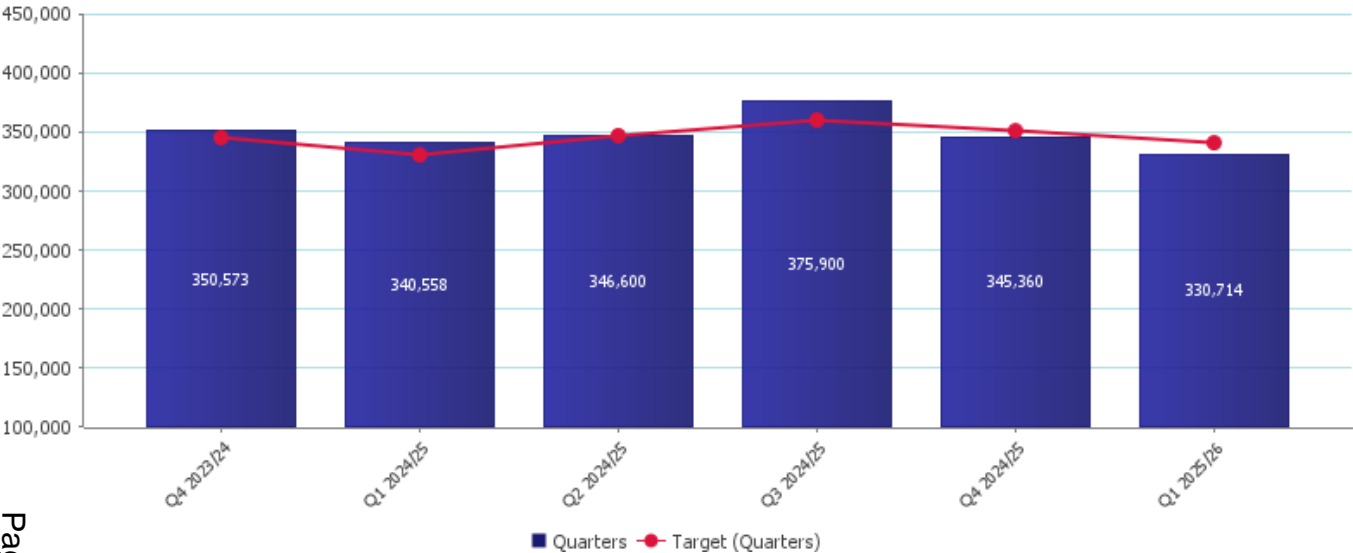
29-Aug-2025

The total is less than 2024/25 although it should be noted that the majority of visitors to Hook Road Car Park, those with paper permits, no longer leave a footprint. i,e, they do not purchase a ticket or RingGo session and there is no longer a barrier to count entry and exit.

Car Park Revenue (£k)
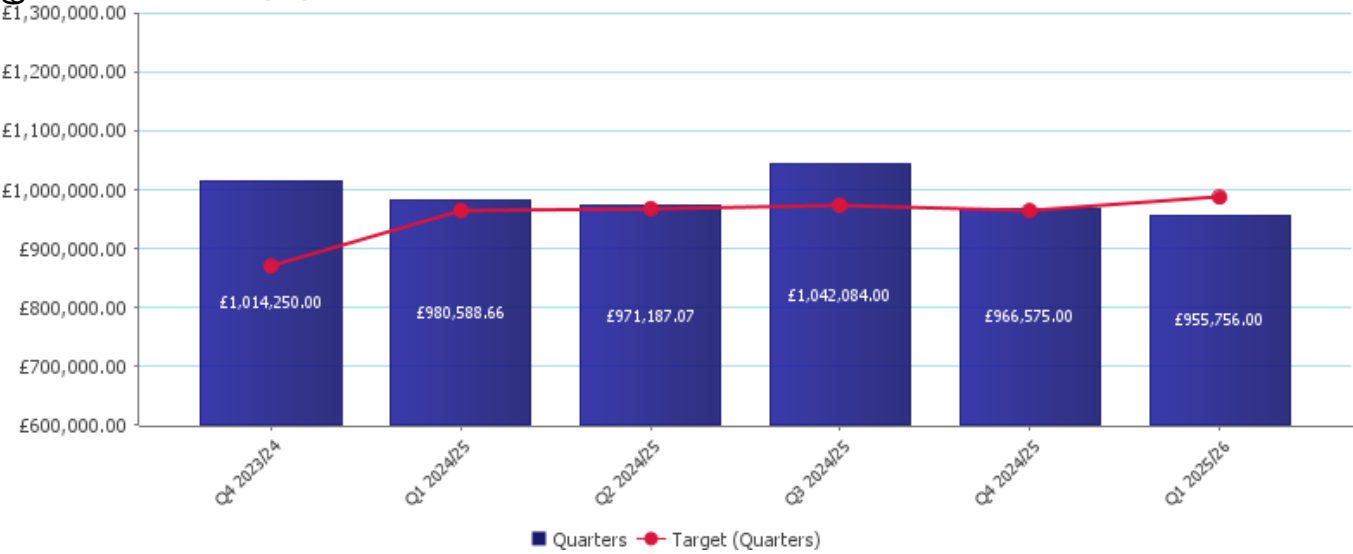
29-Aug-2025

Revenue from car park fees is under budget for the first quarter and most notably in April. The primary impacts are the change of use at Hook Road car park and a contractual change impacting income share on our cashless parking provider. The budget increases for 2025/26 did also include a proportion based on volume increases which have yet to be realised.

Parking Penalty Charge Notice Appeals Responded to in 10 Working Days
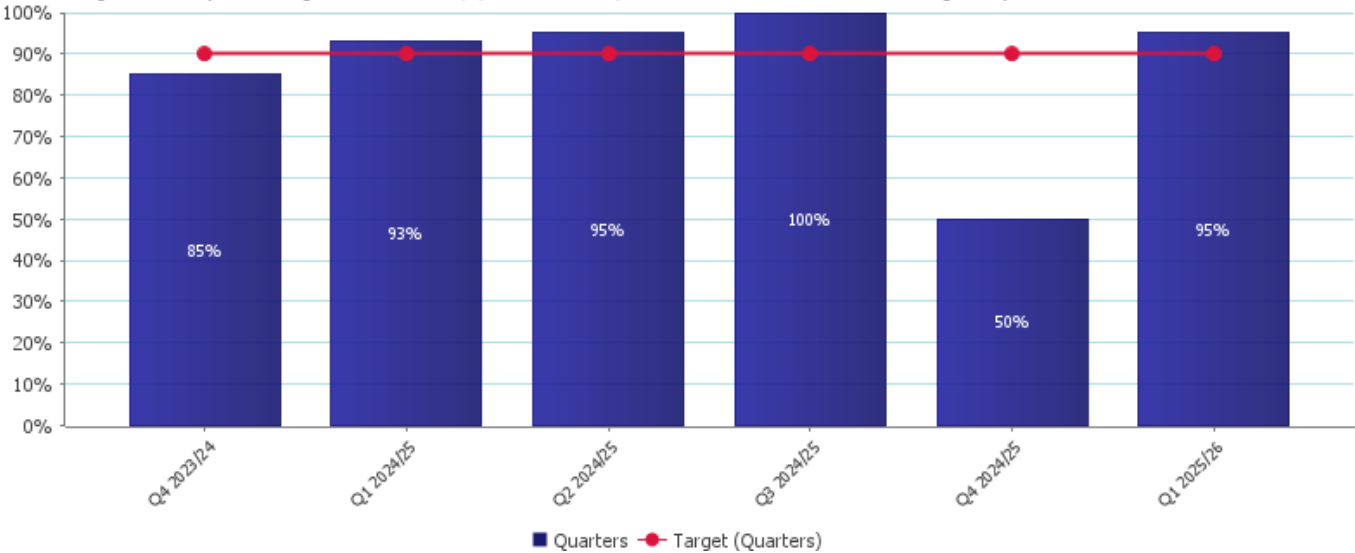
Team have worked hard to stay on top of this work despite annual leave and other areas of the work we do getting busier.

Waste Collected
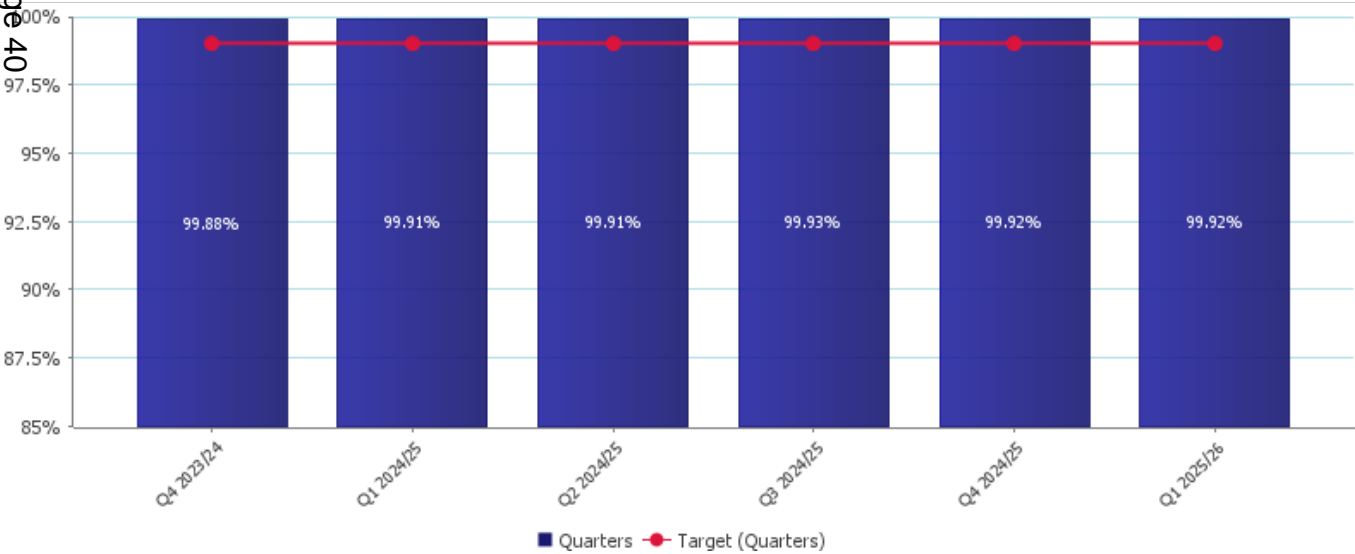
29-Aug-2025

Strong Q1 performance.

Waste Sent for Recycling

14-Aug-2025

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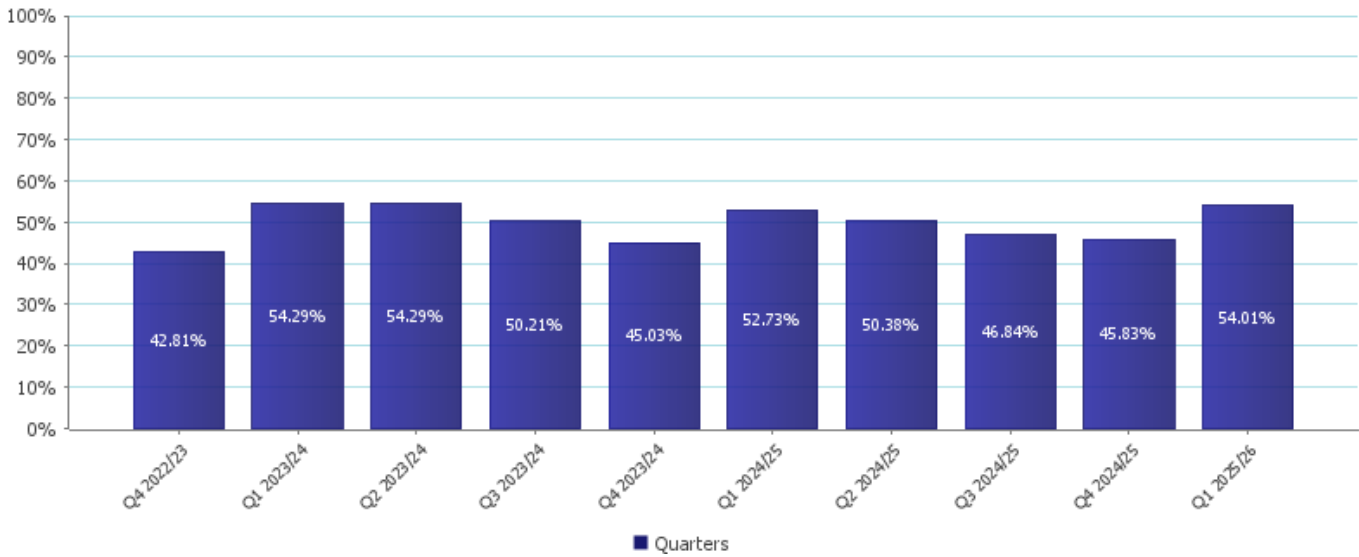
Seasonal variations are evident in the collection of waste (e.g. higher garden waste in summer than winter) so it is better to make comparisons with the same quarter last year rather than the last quarter.

11

Major Planning Applications Decided in Time
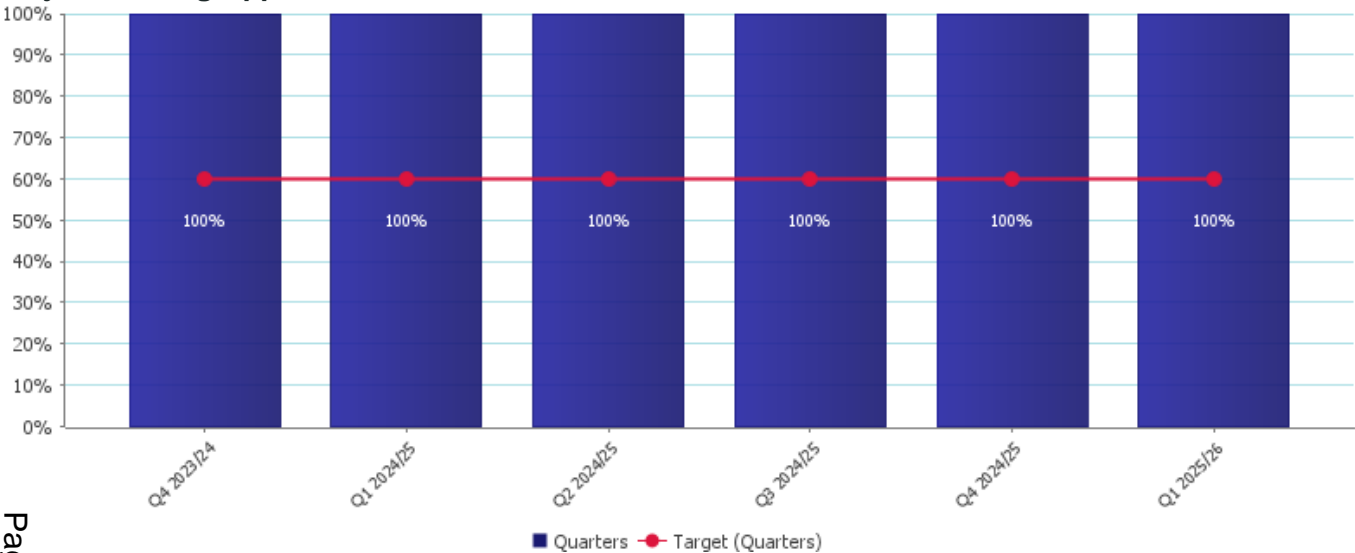
Performance remains strong. A number of performance improvement actions have been implemented

Minor Planning Applications Decided in Time
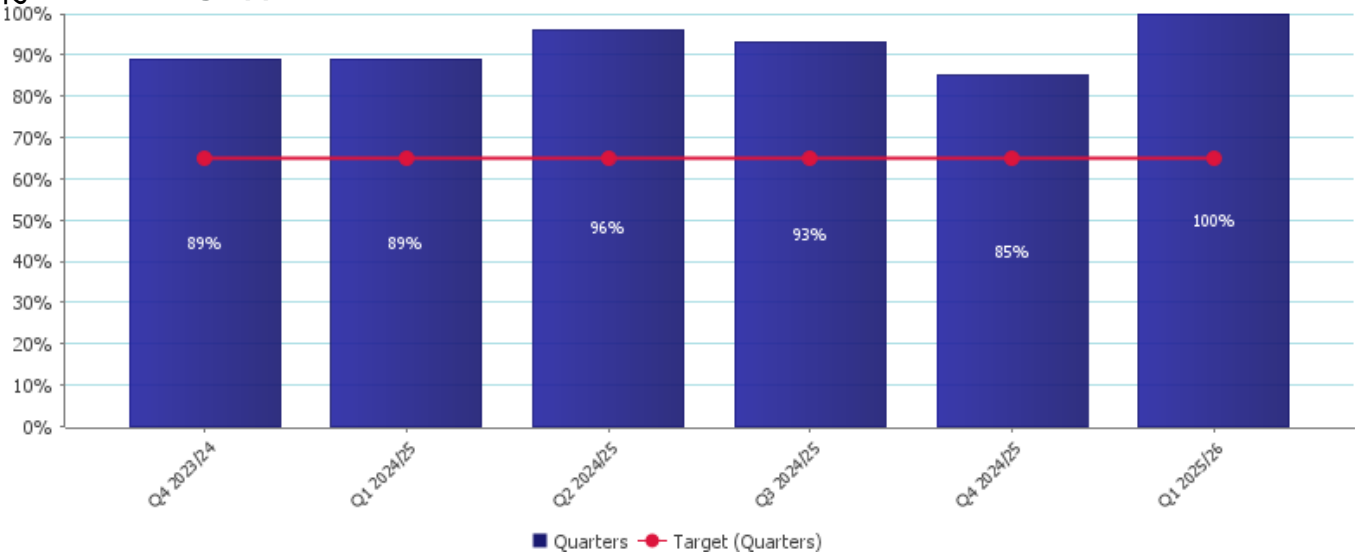
Performance remains well above national performance target following completion of improvement actions

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Other Planning Applications Decided in Time

Bar chart — Other Planning Applications Decided in Time (by Quarter):

Quarter	Value	Target
Q4 2023/24	96%	80%
Q1 2024/25	96%	80%
Q2 2024/25	96%	80%
Q3 2024/25	100%	80%
Q4 2024/25	95%	80%
Q1 2025/26	94%	80%

Legend: ■ Quarters — ● Target (Quarters)

✅
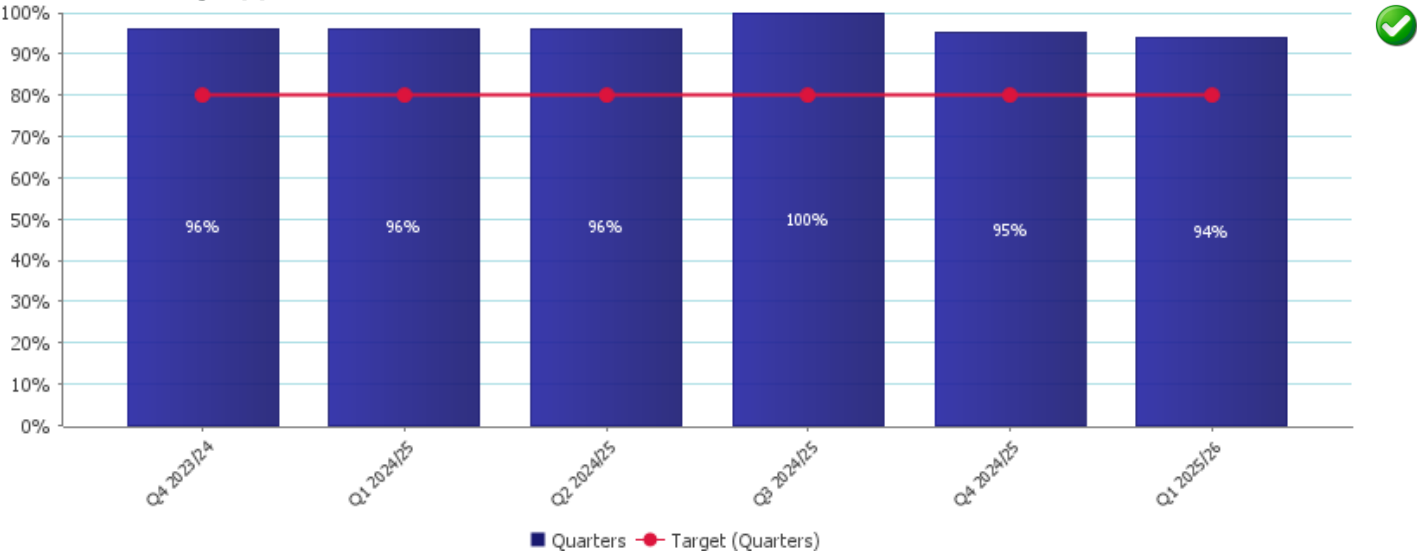
11-Jul-2025

Performance remains well above national performance target following completion of improvement actions

Planning Appeals Against the Council's Refusal of Planning Dismissed by the Inspector

Bar chart — Planning Appeals Against the Council's Refusal of Planning Dismissed by the Inspector (by Quarter):

Quarter	Value	Target
Q4 2023/24	100%	70%
Q1 2024/25	70%	70%
Q2 2024/25	56%	70%
Q3 2024/25	100%	70%
Q4 2024/25	63%	70%
Q1 2025/26	57%	70%

Legend: ■ Quarters — ● Target (Quarters)

🛑
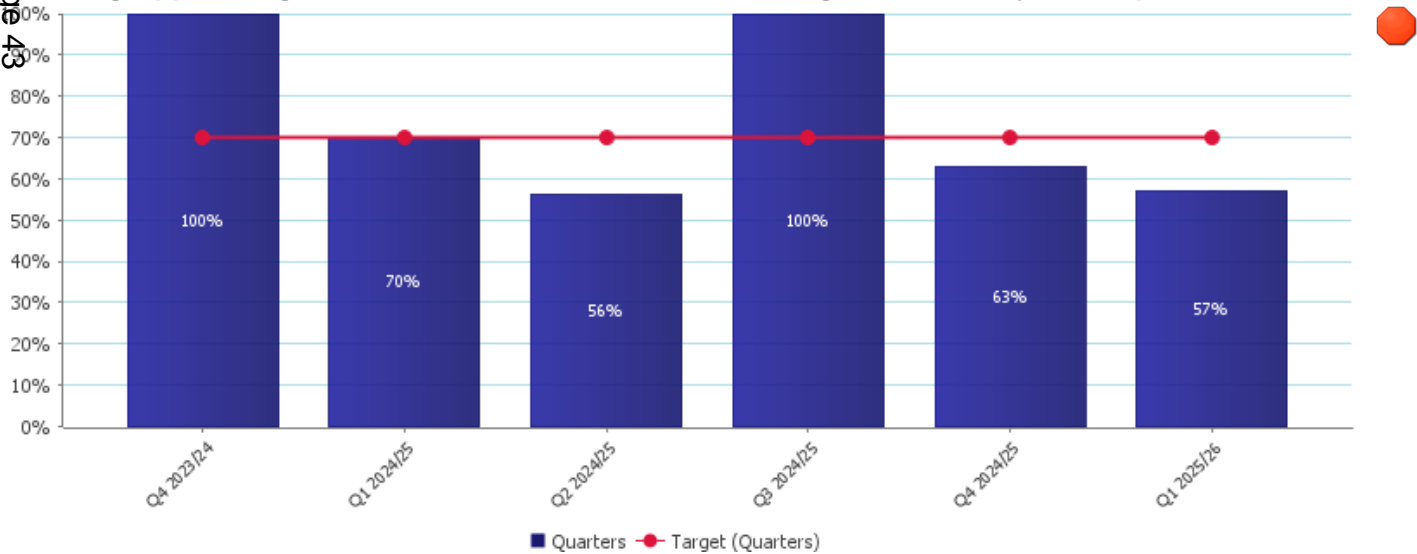
29-Aug-2025

Average appeal performance over a longer period remains strong, although the small number of appeals per Quarter means one or two negative decisions significantly impact the overall percentage.

For this quarter 3 out of 7 appeals against the Council's decisions were dismissed. Two of those three dismissed appeals were overturns of officer recommendations made by Planning Committee.

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Council Tax Collected
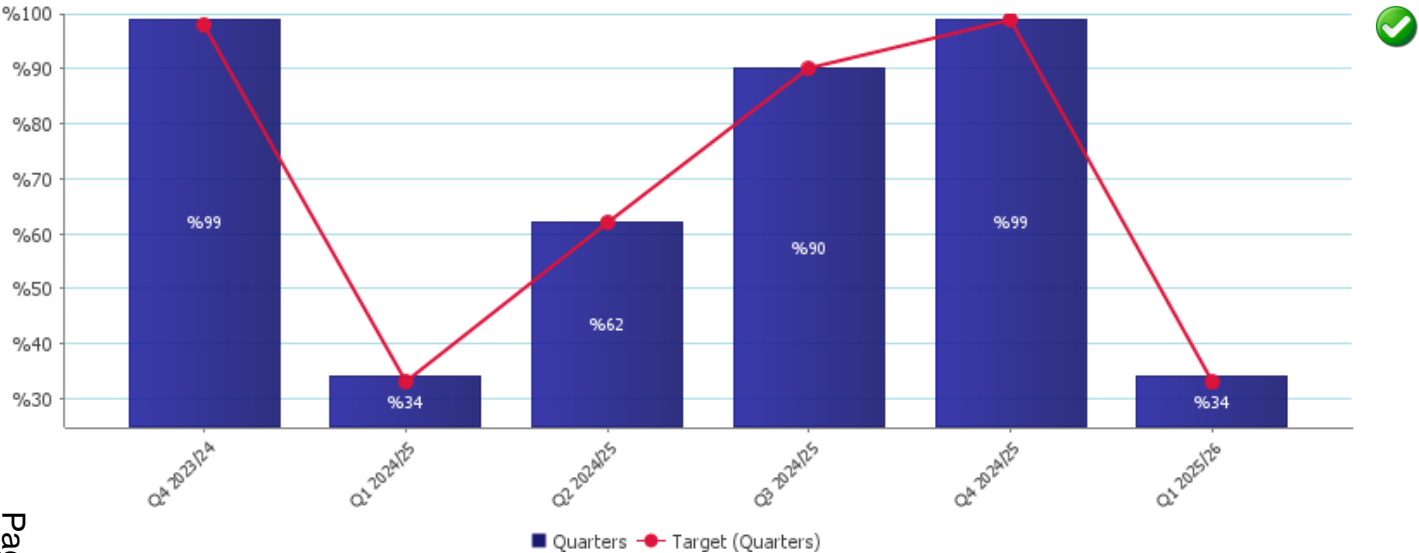
17-Sep-2025

Achieved target for 2024/25, and Quarter 1 2025/26 collection is 1.30% higher than target figure of 33%. Last year the council's collection rate was seventh best in the country.

Non Domestic Rates Collected
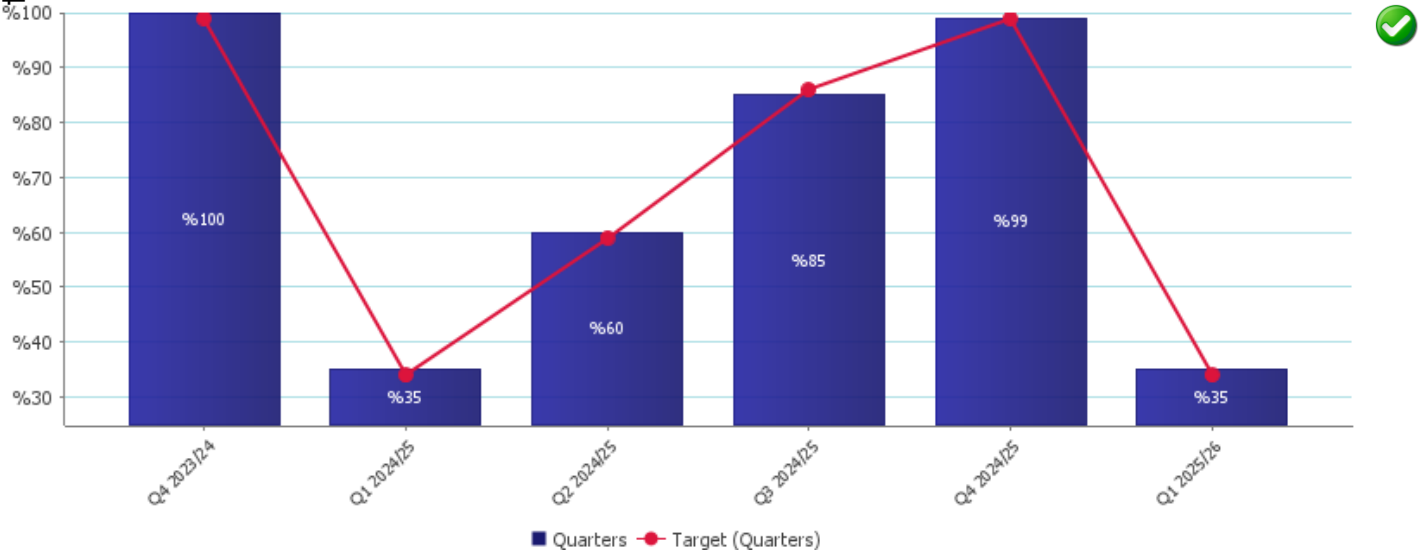
04-Jul-2025

Achieved target for 2024/25, and Quarter 1 2025/26 collection is 1.53% above the profiled target of 33.6%

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Forecast Outturn vs Budget (£m)
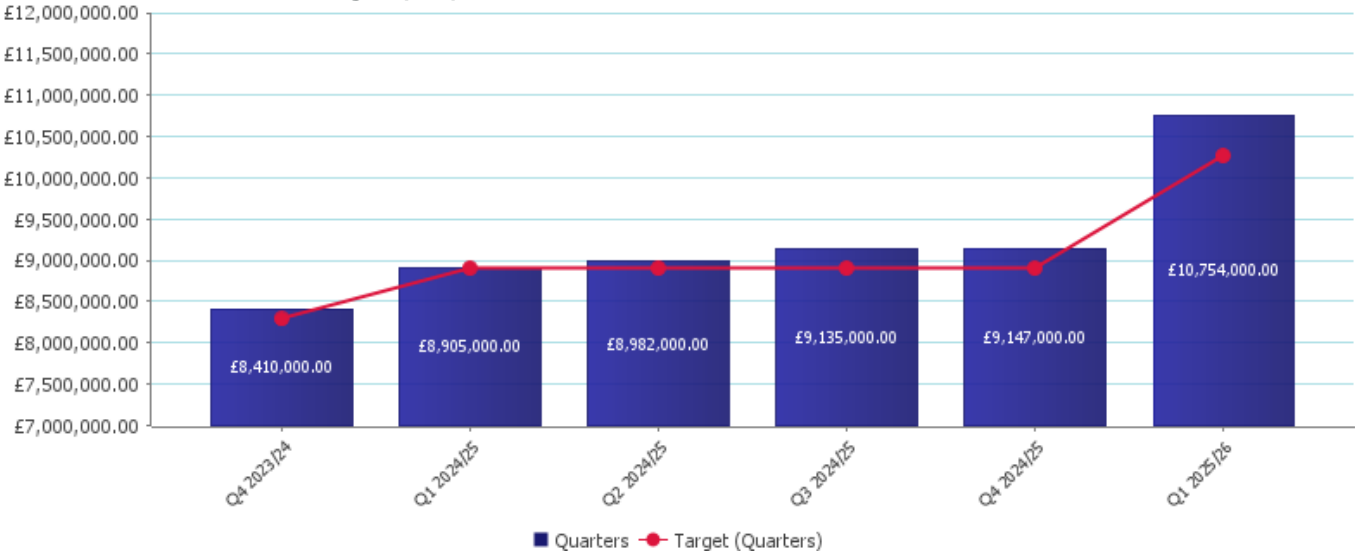
The reported adverse variance is explained within the Q1 Revenue Budget Monitoring Report on the Audit & Scrutiny Committee agenda in September 2025.

Forecast Income from Treasury Management Investment (£k)
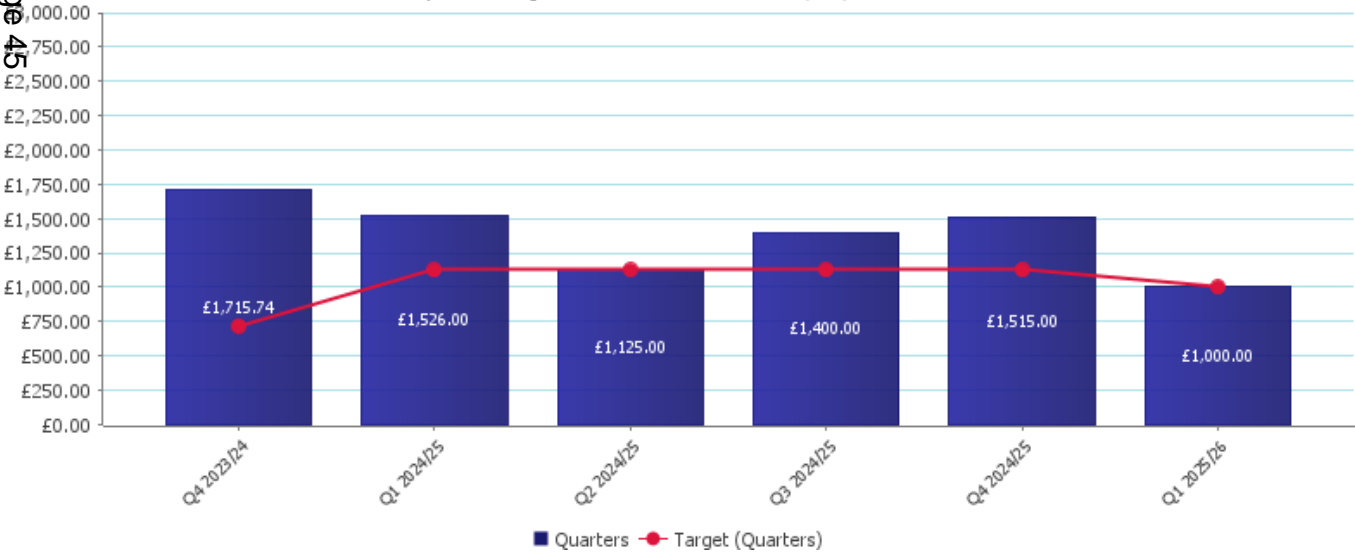
29-Aug-2025

Target achieved for Q1.

Number of Stage 1 Complaints Received

01-Aug-2025

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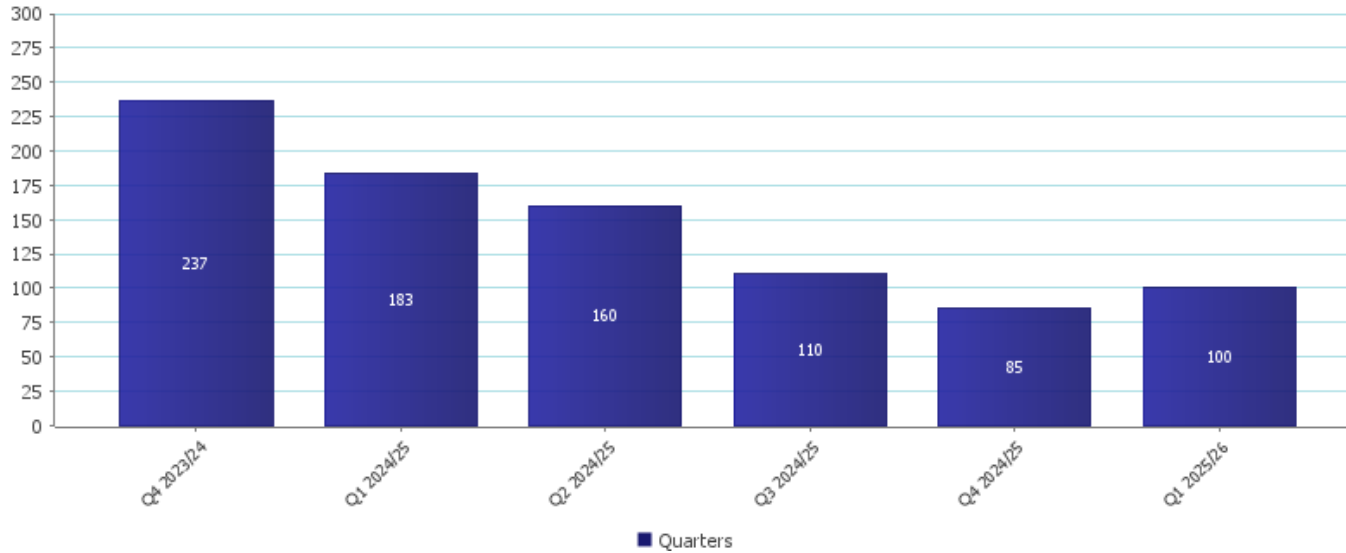
1. The number of Stage 1 complaints received in this quarter was 100. We have seen an increase from 85 in the previous quarter, however this has decreased from the 183 complaints we received in Quarter 1 last year.

2. Most of the complaints received this quarter were from Refuse and Recycling, which continues to be the same each quarter regarding missed collections and the 'set back' of bins.

3. We have seen increase in Grounds Maintenance complaints this quarter all regarding Grass cutting schedules and the confusion surrounding whether this Epsom and Ewell Borough Council's responsibility or Surrey County Council's.

4. This quarter has also seen a rise in Street Care complaints specifically issues with the quality of work carried out by the road sweeper.

5. The introduction of Ringo only parking to Hook Road Car park led to a number of complaints this quarter.

6. Planning, Council Tax and Housing each saw an increase in complaints this quarter with people unhappy with the service they had received and lack of communication.

31-Jul-2025

Number of Stage 2 Complaints Received

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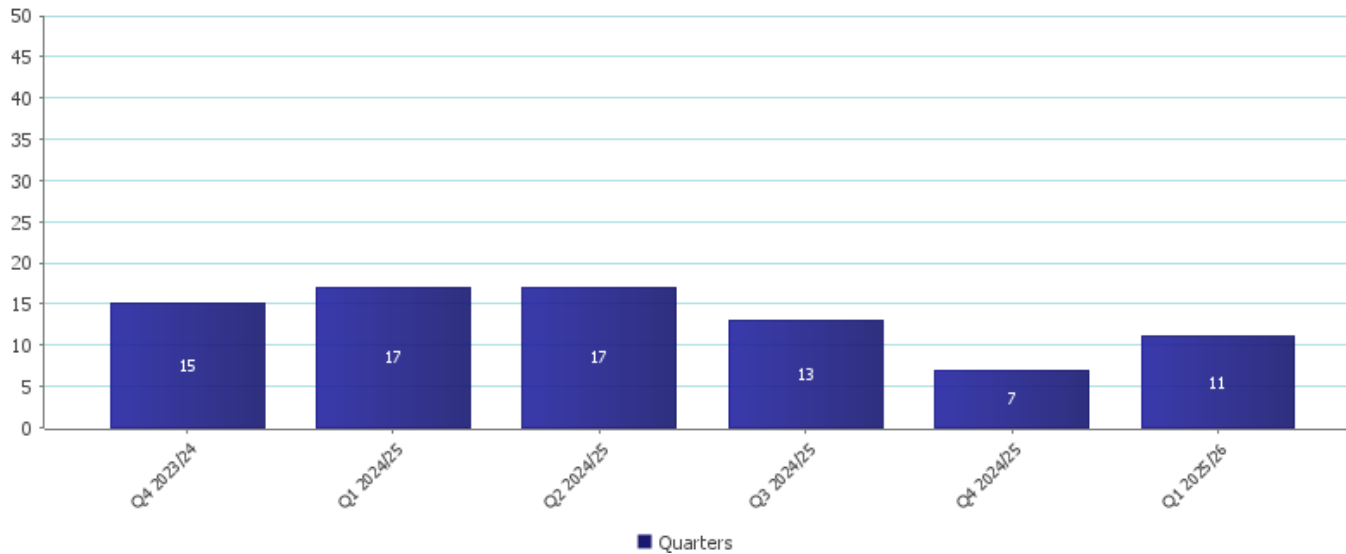
The number of Stage 2 complaints has increased this quarter from 7 to 11. This has decreased from the 17 we received in Q1 last year.

2.   These were mostly related to Planning, Refuse and Recycling and Council Tax this quarter.

3.   Complaints typically escalate as issues continue to be ongoing after the response at Stage 1 or the complainant is unhappy with the response and would like a further reply or investigation by a more senior member of staff, one complaint was escalated to Stage 2 due to the Stage 1 complaint not being responded to in time.

Average Time Taken (days) to Process Stage One Complaints
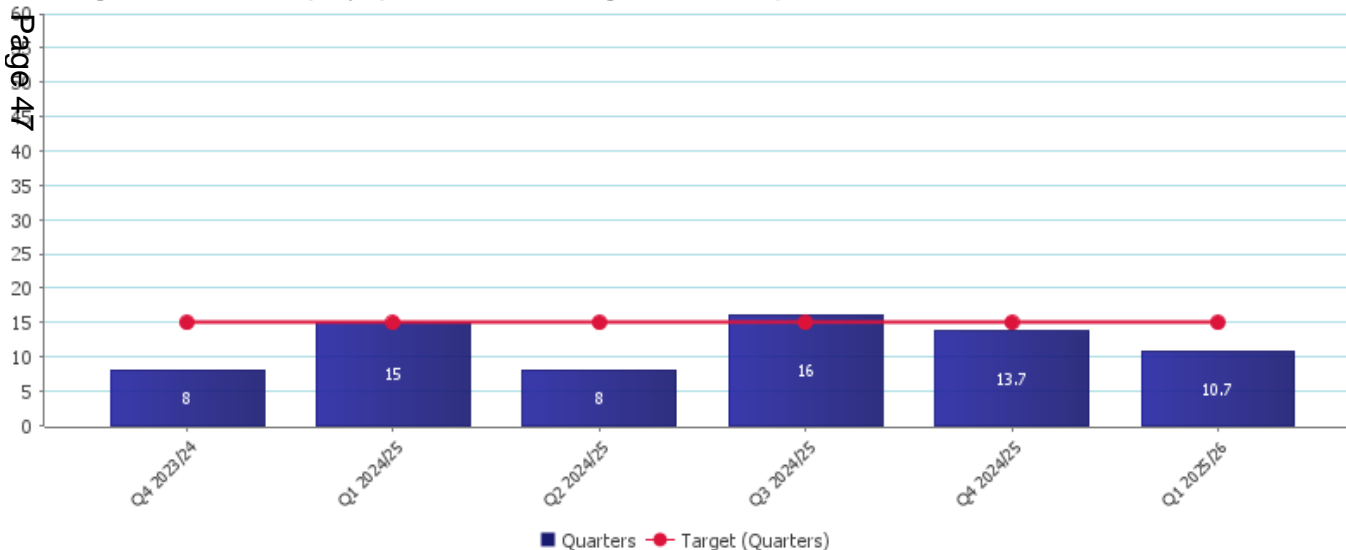
01-Aug-2025

1.   The time taken to process Stage 1 complaints for this quarter was 10.7 days, within the target of the 15 working day timescale. This improvement is down from 13.7 days in Q4 and 16 days in Q3 despite an increase in Stage 1 complaints to address this quarter.

2. Training for the contact centre has been completed with all members of the team which has increase our resilience for logging and responding to complaints.

Average Time Taken to Process Stage Two Complaints

12-Aug-2025

17
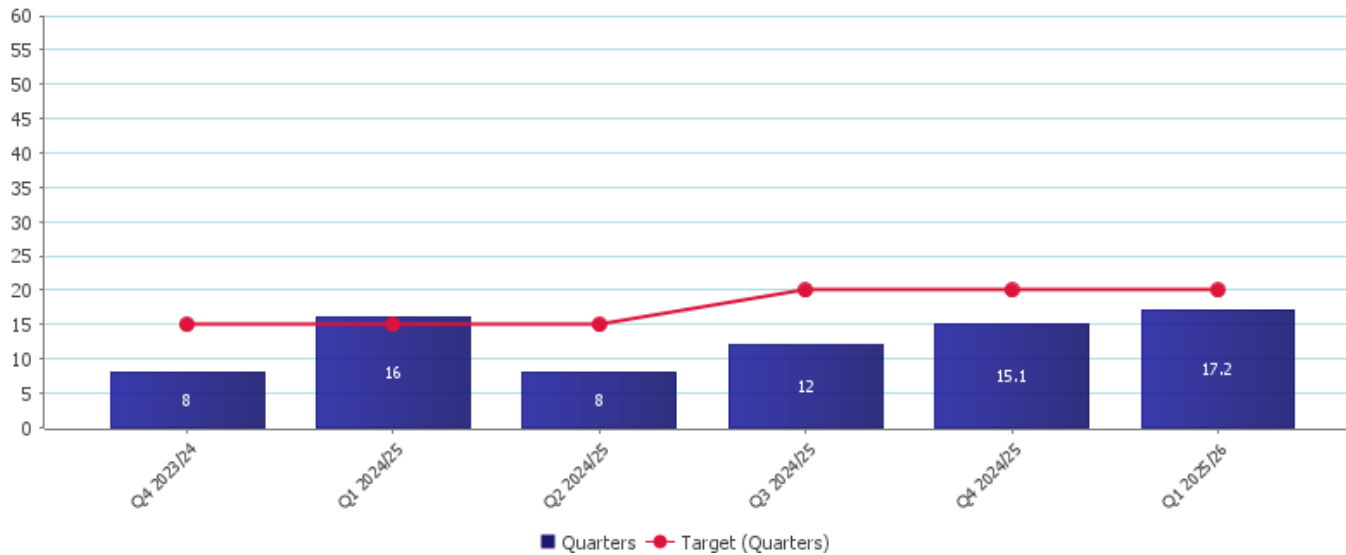
1.   The average time taken to process Stage 2 complaints in Q1 was 17.2 days, well within the target 20-working day timescale although slightly up from Q4 (15.1 days) and increased from the 12 days in Q3.

3.   Factors impacting on the time taken to complete Stage 2 complaints include resourcing, increase in workload and changes to investigating officers.

Average Number of Days of Staff Sickness
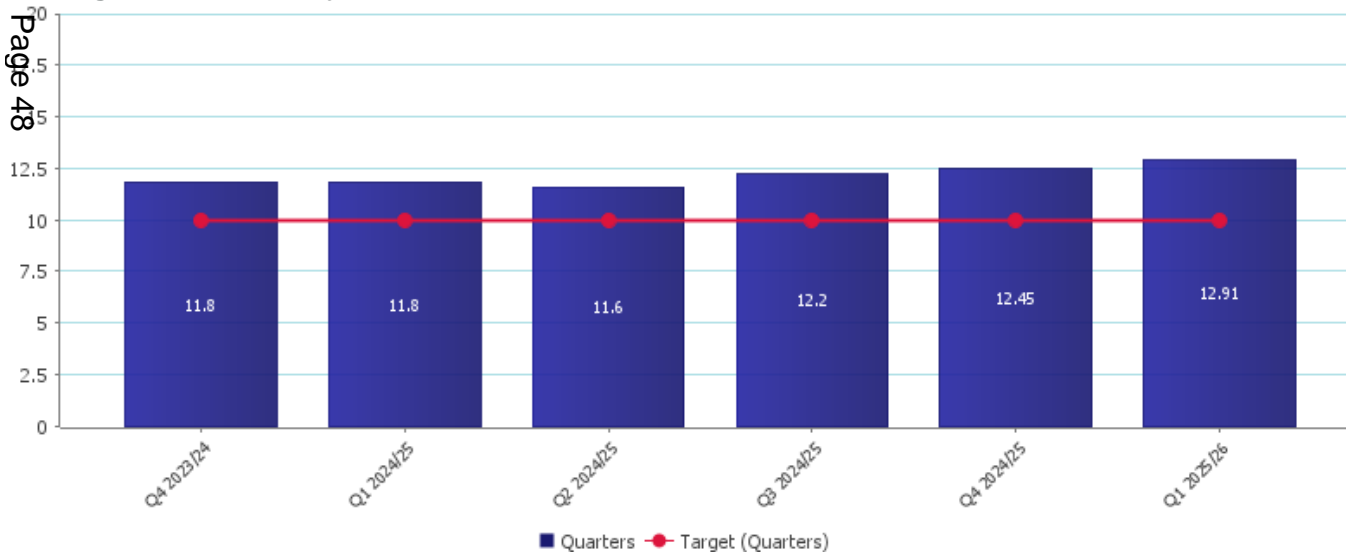
11-Jul-2025

Slight increase on Q4. Continue to monitor and manage long term sickness with some cases coming to resolution. These will not yet show through in the stats.

Short-term Staff Sickness (Av. no days)

11-Jul-2025
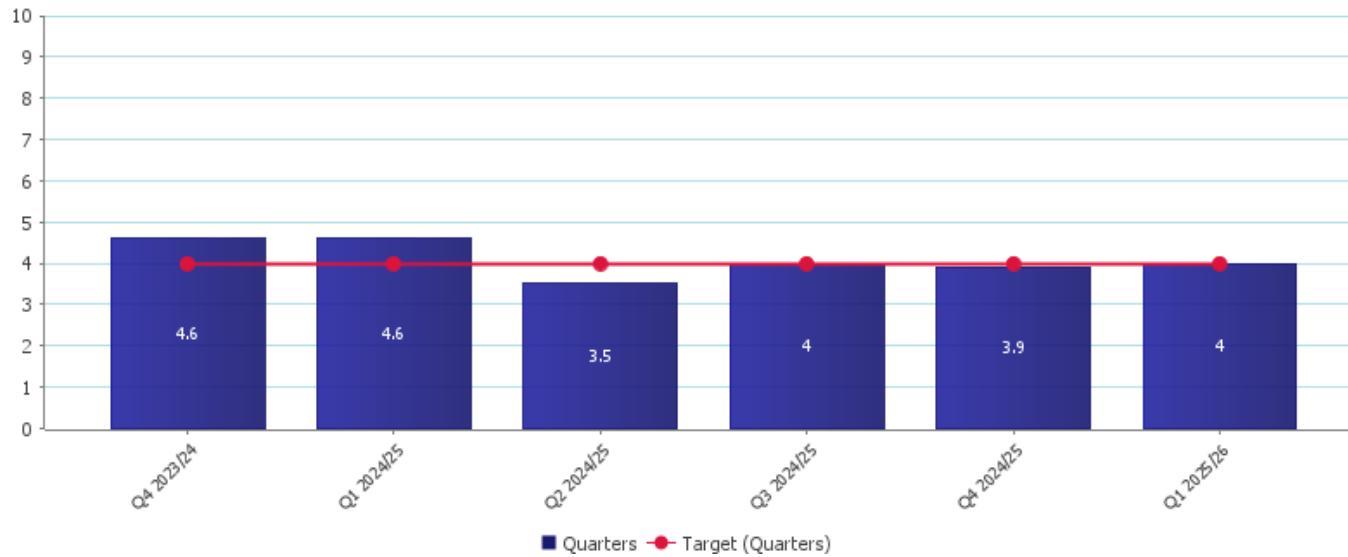
Very slight increase on last quarter and on target.

Long term sickness absence (Av. no.of days)
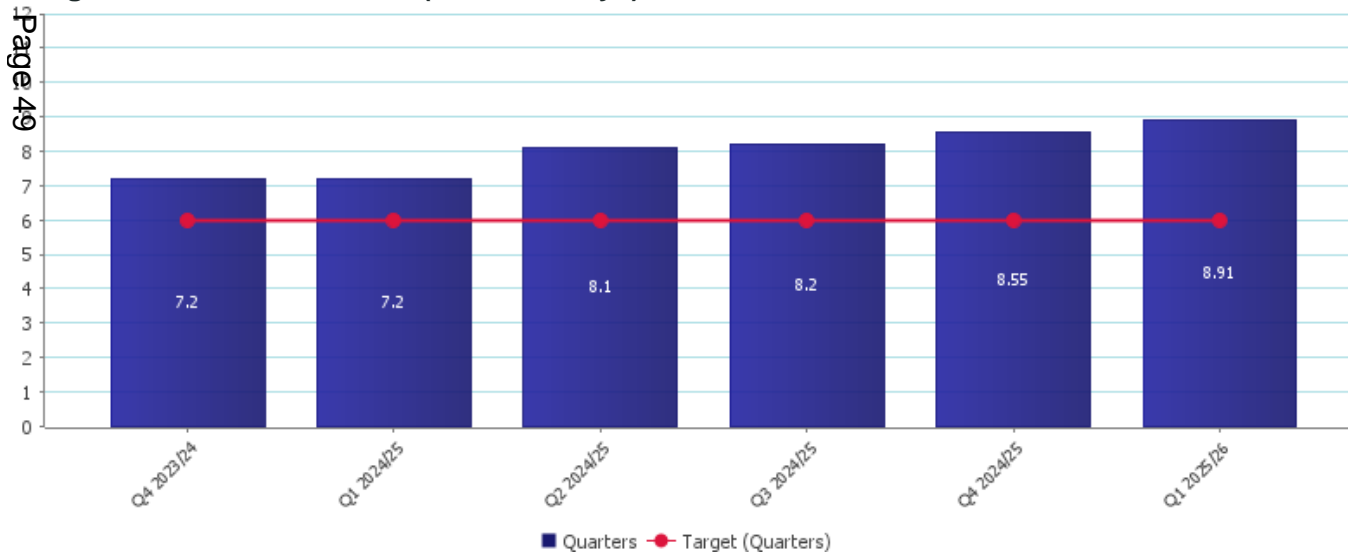
12-Aug-2025

Slight increase on last quarter. The team continues to closely monitor and support staff and managers on long term sickness absence. Some cases have come to resolution but will not yet show through on the statistics due to the rolling 12 month period.

Staff Turnover (voluntary)

29-Aug-2025
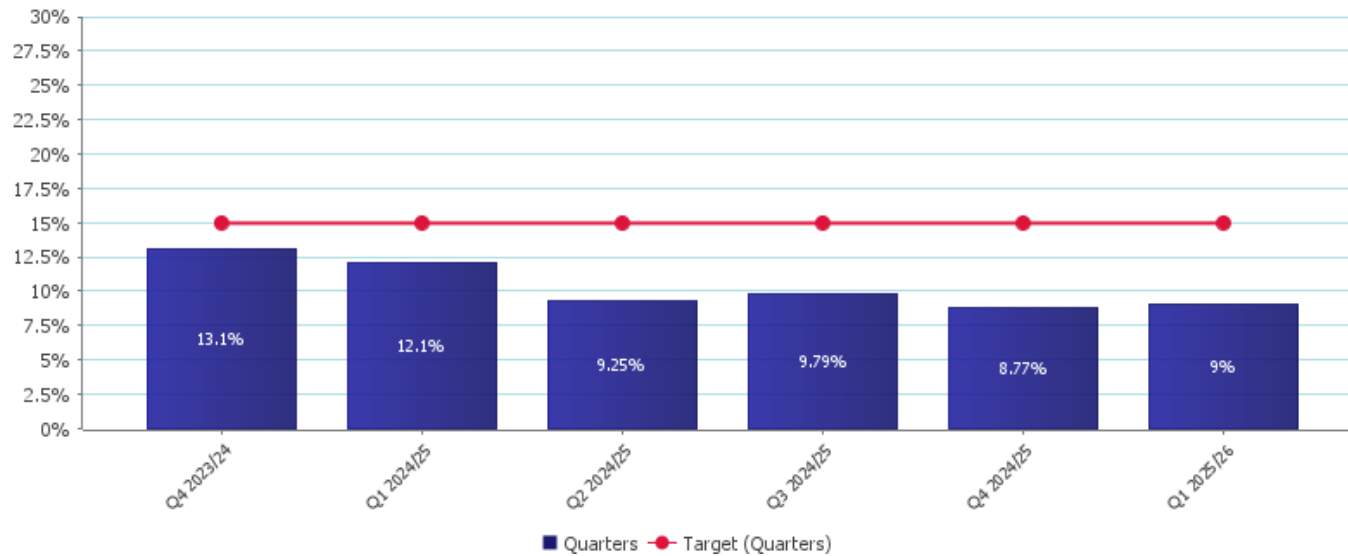
Performance remains on target.

Council Owned Vacant Property Rate (%)
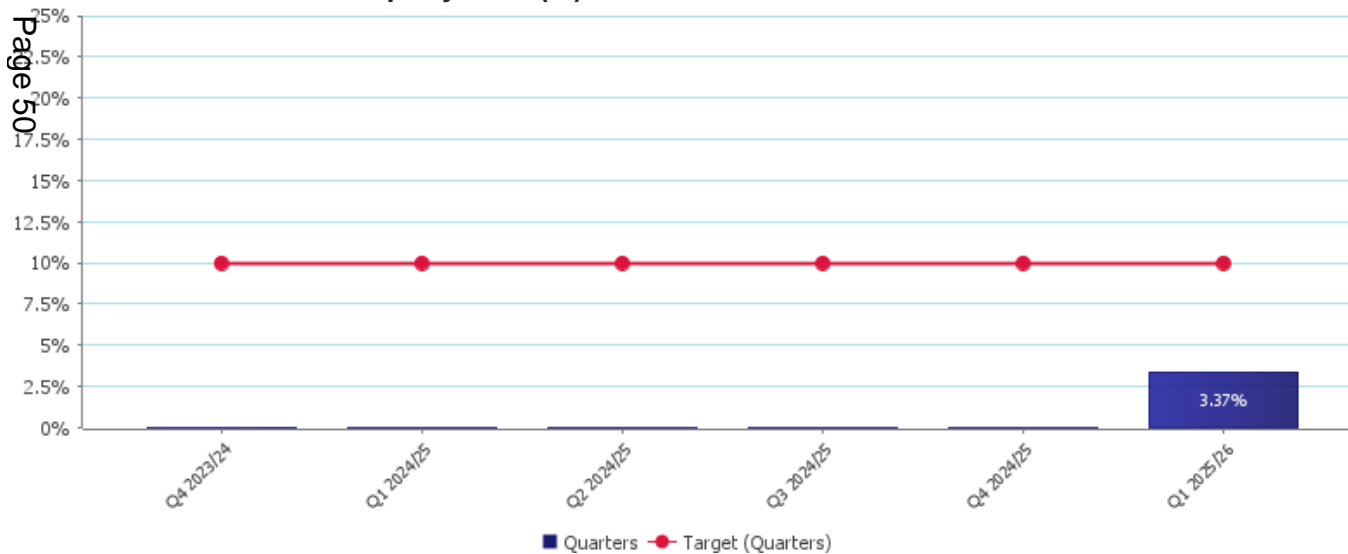
13-Aug-2025

• Including 70 East Street as vacant.
• This KPI is for all council owned commercial/investment properties only.

Completion Rates for ALL Property Maintenance Works
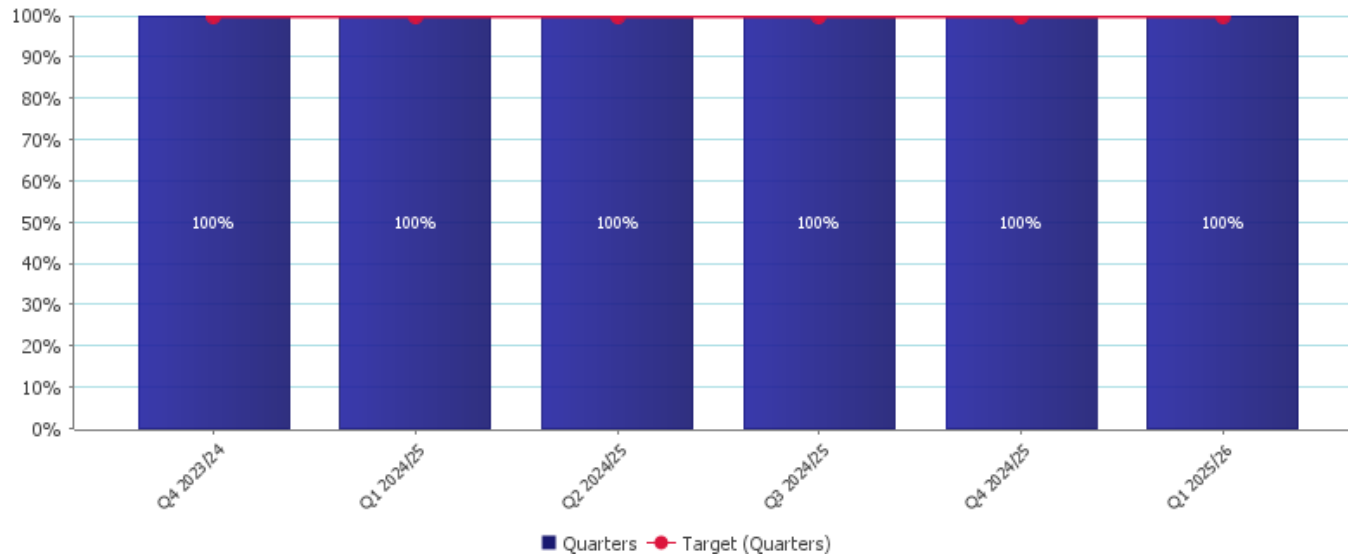
30-Jul-2025

All required statutory and planned maintenance and servicing were completed on time and as per schedule.

Completion Rate for PRIORITY 1 Property Maintenance Works
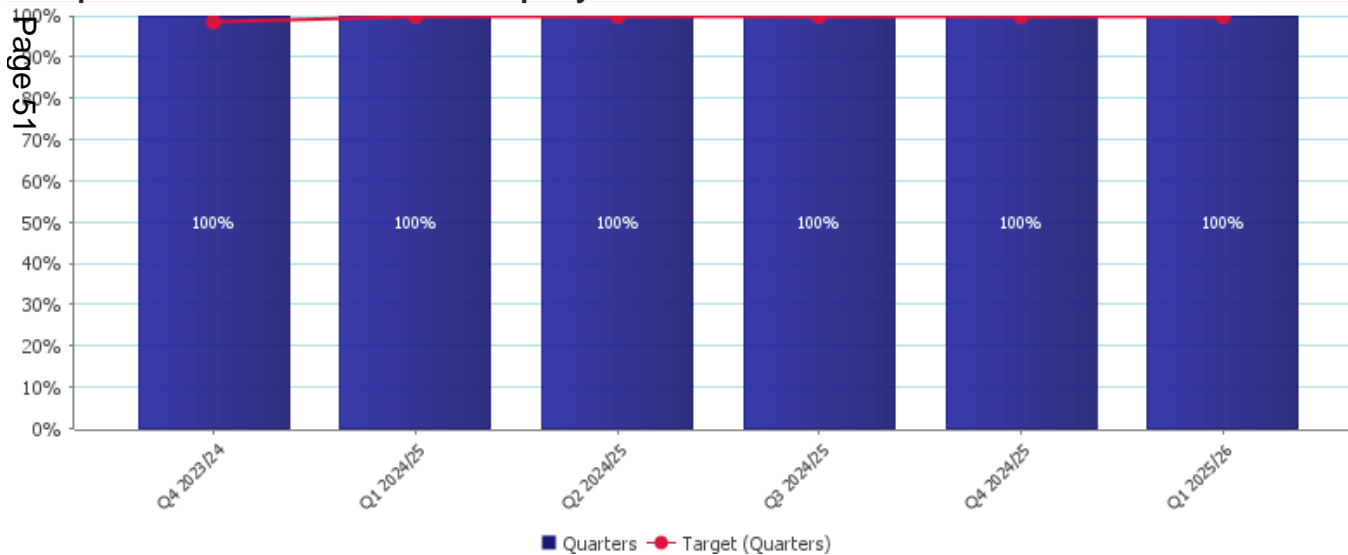
30-Jul-2025

All priority maintenance items were completed on target.

Corporate Risk Register

Our corporate risk register contains our most strategic risks, those that may have a significantly detrimental effect on our ability to achieve our key objectives and delivery of core services. We assess our risks as follows:

Step 1: Score the **inherent** risk using the matrix below = the expected **impact** of the risk **multiplied** by the **likelihood** of the risk occurring (<u>with no mitigations or controls</u>).

Step 2: Consider how we mitigate the risk and any controls in place.

Step 3: Score the **residual** risk = impact x likelihood (<u>taking into account the controls and mitigations we have in place</u>).

Step 4: Review final risk score against the **risk tolerance boundary** (yellow line). If High (red), seek to further mitigate the risk to reduce it to Medium (amber) or Low (green); or acknowledge why it cannot be lowered at this time.

Likelihood					
4 Very likely	4	8	12	16	
3 Likely	3	6	9	12	
2 Possible	2	4	6	8	
1 Remote	1	2	3	4	
Multiplier	**1** Insignificant	**2** Medium	**3** High	**4** Severe	
		Impact			

Red	High risks
Amber	Medium risks
Green	Low risks
Yellow	Risk tolerance boundary

Traffic Light

Green = 2 (17%)

Red = 3 (25%)

Amber = 7
(58%)

ID	Title	Potential Effect	L	I	Inherent Risk	Controls	L	I	Residual Risk	DoT	Approach	Commentary / Future Actions	Latest Update

F2	Failure to balance the budget annually & MTFS	• Fail to perform statutory duty and issue of Section 114 notice allowing potential Government intervention and potential cuts to services. • Reduced assurance over the Council's financial sustainability. • Reliance on commercial property income. • Significant damage to reputation. • Additional budget requirement for energy and EPC mitigation reduces budgets available for service delivery.	4	4	**16**	Budget Monitoring Annual Budget Setting Competitive Procurement of Utilities Manage financial reserves Savings targets Discretionary service review Asset review	4	4	**16**	▬	Treat	Annual budget will be balanced, MTFP requires future savings and efficiencies to balance.	29 Jan 2025
HC9	Risk of homelessness expenditure exceeding budget provision	• Unable to meet statutory duties. • Pressure to increase spending on accommodation in locations further outside of Borough. • Need to source funding from outside current budget and knock-on reductions to other budgets. • Potential damage to reputation	4	4	**16**	Fraud team investigation Additional staff Working Group Strategy in place Housing First funding in place Additional Government Funding Homelessness Action Plan	4	4	**16**	▬	Treat	The number of households in temporary accommodation remains high. The service review is almost complete, which if agreed should improve homelessness prevention measures.	14 Jul 2025

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| IT6 | Failure or interruption to IT services | • Damage caused by successful cyber-attack.
• Loss of data.
• Service delays.
• Reputational damage.
• Staff satisfaction. | 4 | 4 | **16** | Business Continuity Plan
Budget
IT Strategy
IT processes and procedures
Security Operations Centre
Cyber Security Strategy | 3 | 4 | **12** | ▬ | Treat | • The overall risk assessment remains high, as several contributing factors are still under review.

• However, notable progress has been made in the first quarter, particularly through the removal of a number of out-of-support pieces of hardware, which has directly addressed some of the associated risks. Despite this, the remaining unresolved risks justify maintaining the current risk rating at this stage.

• Further mitigation work is planned for Q2 of the new year, with additional risk reductions anticipated by the end of Q3 2025. At that point, a re-evaluation of the risk score is expected, with a view to lowering the rating in line with the improved security posture. | 25 Jul 2025 |
| EO3 | Implications of local government reorganisation | • Turnover of staff.
• Financial uncertainty.
• Disruption to BAU.
• Capacity to deliver.
• Staff morale/motivation.
• Strategic uncertainty. | 4 | 4 | **16** | Communications Campaigns
Working Group
Stakeholder group
Collaboration with other councils
Learning from other new unitary authorities | 3 | 3 | **9** | ▬ | Tolerate | Local Government Proposal for 2 or 3 Unitaries was submitted to Government. From then until we hear the outcome (Autumn 2025) all 12 Surrey authorities will be working towards a safe and legal Vesting Day and exploring collaboration of services. Risks remain possible/likely until more is understood and explored (particularly around CGR,Finances, ASC, CS and SEND) | 22 Aug 2025 |

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PD14	Failure to deliver a local plan / Local plan found unsound at inspection	• Unable to provide robust planning policy for development in the Borough. • Impact on other council activities that link to the local plan, e.g. housing. • Unable to demonstrate value for money on investment in developing the plan. • Government intervention.	4	4	**16**	Budget	3	3	**9**	▭ Treat	Local Plan was submitted in March 2025 for independent examination. Timings for examination confirmed for August and October 2025 by Planning Inspectorate. There remains a risk that the Local Plan will be found unsound.	30 Jul 2025
						Local Plan Risk Register						
						Report to Stakeholders						
						Member briefing						
						Project Critical Path Established						
						Project Plan						
						Full staffing in place						
						Partners fully engaged						
						Political support to fund and deliver						
EO5	Failure in key statutory services	• Poor customer service. • Legal challenge. • Reputational damage.	2	4	**8**	Risk Register	2	4	**8**	▭ Treat	No change from previous assessment.	29 Aug 2025
						Performance Monitoring						
						Risk Management Strategy						
						Budget Monitoring						
						Annual Budget Setting						
						Governance Framework						
						Performance Benchmarking						

PCR16	Failure to comply with GDPR/Data protection	• Harm to, and breach of rights of, owners of the personal (inc. sensitive) data that has been breached. • Reputational damage • A range of sanctions from Information Commissioner's Office (ICO), including prosecution and unlimited fines.	4	4	16	Internal Audit	2	4	8	▬	Treat	The work being done with Data Protection People is improving our organisation resilience on data protection, and in the event of an issue, the recent progress we've made would improve our response.	05 Jun 2025
						eLearning							
						Data protection policies and processes							
						Staff training							
						Working Group							
						Information Governance Working Group							
						Breaches log							
						Data Protection Officer							
						Data/information management prep for building movetionailsation programme							
						Email warnings and checks							
PSD1	Failure to deliver the climate change strategy	• Unable to deliver the Council's climate change objectives. • Fail to reduce the Council's carbon emissions. • Damage to reputation.	4	4	16	Budget	2	3	6	▬	Treat	Risk remains unchanged.	29 Aug 2025
						Additional staff							
						Working Group							
						Climate Change Action Plan							
						Member Working Group							

HC5	Non-compliance with safeguarding legislation, internal policies, and best practice.	• Negative impact on resident and staff health & safety. • Legal challenge. • Financial penalty. • Reputational damage	4	4	**16**	Staff Update Intranet Site (The Hub) Staff training Safeguarding Policy Knowledge sharing Register of vulnerable residents Internal safeguarding group	2	2	**4**	⬇	Treat	Improved management of safeguarding and training, plus a recent satisfactory safeguarding audit demonstrated that good controls are in place.	05 Jun 2025
PCR13	Failure to successfully prevent a significant health and safety incident	• Harm to staff, visitors, members of the public and / or contractors. • HSE fine. • Reputational damage. • Unable to maintain service delivery.	2	4	**8**	Staff Update Assurance Checks Undertaken Health & Safety Officer Health & Safety Group Health & Safety Risk Register Health & Safety Policies Intranet Site (The Hub) Budget SLT Reporting eLearning Performance Monitoring Guidance Documents	1	4	**4**	▬	Treat	There is no change to the score for Q1 2025/26, but we have now started tracking incidents of verbal abuse as a standalone indicator which will provide more clarity for both accident related incidents and verbal abuse incidents.	24 Jul 2025

| EO13 | Failure to deliver the Town Hall move | • Wasted resources used to progress the project.
• Reputational damage.
• Negative staff moral.
• Unable to achieve cost savings associated with the move. | 4 | 4 | **16** | Internal Audit
Full Council Approval
Appoint external consultant
Corporate Procurement process
Steering Group appointed
Business case
Project Plan | 1 | 3 | **3** | ⬇ | Treat | The town hall move to 70 East Street has been cancelled in light of Local Government Reorganisation. The new priority is to ensure the existing town hall remains fit for purpose with minimal investment required. The risk has therefore been adjusted accordingly. | 29 Aug 2025 |
| PCR18 | Failure to respond effectively to a major incident or civil emergency | • Loss of business continuity.
• Health and wellbeing of residents.
• Reputational damage.
• Unable to support strategic and operational / service deliver partners. | 4 | 4 | **16** | Applied Resilience
Emergency Plans
Business Continuity Plan
Council responders
Internal Audit | 1 | 3 | **3** | ▬ | Tolerate | No change: work programme on track. | 26 Aug 2025 |

Committee Risk Registers

The following committee risk registers contain risks identified for the budget Policy Committees in accordance with our Risk Management Strategy. An overview of the individual committee risks is summarised on the next two pages. These risk registers are reviewed by the various policy committee Chairs on a regular basis.

In this register, the inherent risk score (before any mitigations or controls) and the residual risk score (with mitigations and controls in place) have been derived from using the risk matrix below. The matrix is included in the Risk Management Strategy. We assess our risks as follows:

Step 1: Score the **inherent** risk using the matrix below = the expected **impact** of the risk **multiplied** by the **likelihood** of the risk occurring (with no mitigations or controls).

Step 2: Consider how we mitigate the risk and any controls in place.

Step 3: Score the **residual** risk = impact x likelihood (taking into account the controls and mitigations we have in place).

Step 4: Review final risk score against the **risk tolerance boundary** (yellow line). If High (red), seek to further mitigate the risk to reduce it to Medium (amber) or Low (green); or acknowledge why it cannot be lowered at this time.

Likelihood				
4 Very likely	4	8	12	16
3 Likely	3	6	9	12
2 Possible	2	4	6	8
1 Remote	1	2	3	4
Multiplier	**1** Insignificant	**2** Medium	**3** High	**4** Severe

Impact

Red	High risks
Amber	Medium risks
Green	Low risks
Yellow	Risk tolerance boundary

Traffic Light

Green = 8 (21%)
Red = 6 (15%)
Amber = 25 (64%)

Community & Wellbeing Committee

Title	Potential Effect	L	I	Inherent Risk	Controls	L	I	Residual Risk	DoT	Approach	Commentary / Future Actions	Latest Update
C13 Inadequate budget for homelessness over medium-long term	• Unbudgeted expenditure. • Pressure on statutory service. • Need to source funding from outside current budget envelope.	4	4	**16**	Anti-Fraud & Corruption Strategy and Response Plan	4	3	**12**	▬	Treat	The upward trend of homelessness approaches has continued after an unusually high number of SWEP (Severe Weather Emergency Provision) placements. Reporting regularly to relevant committees and liaising closely with finance.	05 Jun 2025
					RBBC Counter-Fraud Service							
					Service/Function Review							
					Medium Term Financial Strategy							
					Responded to Government Consultation							
					Strategic Housing Manager							
					New Units for Accommodation Secured							
					Government Funding - Additonal							

ID	Risk	Consequences	L	I	Score	Controls	L	I	Score	Trend	Response	Update	Date
HC14	Lack of affordable housing in the Borough	• Changes to Borough demographics. • Homelessness. • Provision for key workers.	4	3	12	Partnership Working Strategic Housing Manager Strategic Housing Group	4	3	12	→	Treat	The Strategic Housing Manager (SHM) continues to work with planning colleagues and Registered Providers to increase delivery.	14 Jul 2025
OS26	Playhouse lighting failure	• Playhouse closure. • Reputational damage.	4	4	16	CIL Bid Submitted Capital Bid Submitted	3	4	12	↓	Treat	The capital funding has been agreed, and the work needed has been tendered out and a contractor chosen. The funding fell short of the initial quotes for the works received, due to the the consultant used to put the tender out identifying the need for a new house lighting system, which was not included in the original bid for capital funding. This being the case, we removed the requirement for stage lighting fixtures and leads from the tender, to enable the priority works to go ahead in August. We have recently reviewed the stage lighting fixtures and leads, and the price has been reduced from the original quotation of £205,208 to £111,096, which leaves us £30,000 short of the needed capital to complete this element of the works.	05 Jun 2025
HC6	Non-delivery of annual plan objectives, Housing and Community Service, due to our response to refugee crises	• Unable to deliver strategic objectives in the annual plan / Four Year Plan. • Reputational damage.	4	4	16	Performance Management Recruited Additional Team Members Partnership Working	2	3	6	→	Tolerate	Refugee support is well established and we're not anticipating significant new arrivals.	05 Jun 2025

OS20	Not maximising commercialisation opportunities at council venues and parks / open spaces	• Less income to the council, leading to service pressures. • Financial sustainability of assets.	4	3	12	Project Management Governance	2	3	6	⬇	Treat	The commercial offering at Bourne Hall is going from strength to strength, the cafe is doing exceptionally well. The marketplace is also thriving, keeping a steady income flow and bringing footfall to Epsom, boosting economic vitality. We are steadily increasing income form our parks, although we have faced opposition at times, especially with fairgrounds. However, this has subsided with good management of the situations.	29 Aug 2025
						Bourne Hall Cafe							
						Project Management Resource							
						Revenue Assessment Required for Change of Land Use							
HC15	Health and wellbeing worsen in the Borough due to increases in the costs of living	• Less income to the council, leading to service pressures. • Financial sustainability of assets.	3	3	9	NHS Provide Services	2	2	4	▬	Treat	Health and Wellbeing Strategy has now been approved by committee. This was on 8th July 2025. A community development action plan (CDAP) will now be drafted. This will be aimed at addressing the wider determinants of health, of which the cost of living is considered.	21 Jul 2025
						Community & Wellbeing Centre							
						Health Liaison Panel							
						Voluntary Sector Provide Services							
						Epsom & Ewell Employment Hub							
						Household Support Fund							
						Funding Provided to Voluntary Organisations							
						Epsom & Ewell Food Pantry							
						Bourne Hall Cottage - PCN Using							

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Crime & Disorder Committee

ID	Title	Potential Effect	L	I	Inherent Risk	Controls	L	I	Residual Risk	DoT	Approach	Commentary / Future Actions	Latest Update
HC31	Upcoming changes to the Criminal Justice Bill	• Misunderstand the changes. • Legal challenge. • Unable to effectively meet our obligations. • Unbudgeted expenses.	3	4	12	Watching Brief Maintained Access to legal advice	2	3	6	▬	Treat	No change since last quarter.	29 Aug 2025
HC33	Ineffective governance regarding PREVENT and PROTECT	• Unable to meet objectives of PREVENT and PROTECT. • Legal challenge. • Health and safety. • Unbudgeted expenses.	4	4	16	Budget Monitoring Community Safety Action Plan	2	3	6	▬	Tolerate	All management, supervisors, and other venue staff have been tasked to complete the Protect awareness course online. It is also considered within our events risk assessments and we are now asking all departments to add it to any bookings to hire our venues. It was also discussed at our Operational Services health and safety meeting in May 2025.	05 Jun 2025
HC30	Ineffective Public Space Protection Order (PSPO) governance	• Ineffective PSPOs. • Lack of evidence for PSPOs. • Ineffective relationships with key partners, e.g. the Police. • Partial records. • Delayed enforcement.	4	3	12	Partnership Working Information Published on Website Policy in place Knowledge sharing Service Manager Review	1	3	3	▬	Tolerate	Our process has been worked through and the risk has reduced compared with previous assessments.	05 Jun 2025

| HC29 | Failing to maintain adequate governance over Crime & Disorder Committee's budget | • Delays to the committee fulfilling its obligations and decision making. • Interruption to the recruitment (when necessary) of the community safety / safeguarding officer. | 1 | 3 | **3** | Budget Monitoring Constitution Ringfenced budget | 1 | 2 | **2** | ➡ | Tolerate | No change. | 29 Aug 2025 |
| HC32 | Ineffective partnership working on anti-social behaviour case reviews | • Ineffective outcomes for victims. • Undeliverable actions assigned to the council. | 3 | 3 | **9** | Partnership Working | 1 | 2 | **2** | ➡ | Tolerate | No change this quarter. | 05 Jun 2025 |

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Environment Committee

ID	Title	Potential Effect	L	I	Inherent Risk	Controls	L	I	Residual Risk	DoT	Approach	Commentary / Future Actions	Latest Update
HC10	Significant decrease in parking revenue from car parks	• Increased budgetary pressures.	3	4	12	Annual Budget Setting Medium Term Financial Strategy Revenue Assessment Required for Change of Land Use Budget Profile Exercise	3	3	9	⬆	Treat	This risk was originally put in place due to the impact of COVID-19. As the risk abated it was reduced accordingly. However the revenue generated from car park does continue to play a significant part in maintaining a balanced budget for the Council. Future car parking income will depend future patterns of use and availability of Council provided car parking spaces, which could be reduced if the proposed actions outlined in the Local Plan are carried out.	22 Aug 2025
HC24	Lack of officer capacity related to environmental health work	• Statutory duties not completed. • Increased costs incurred when appointing an external company to conduct statutory checks. • Poor performance. • Decrease in staff morale. • Reputational damage.	3	4	12	Internal Audit Additional staff	3	3	9	▬	Treat	Risk relates to difficulty in recruiting rather than an identified lack of allocated resource. This remains a risk and is manifest via gaps in service being filled variously by consultancy staff.	01 Aug 2025

OS21	Climate change - Fleet emissions	• Increased costs related to adapting / purchasing new vehicles. • Reduced efficiency. • Costs related to staff retraining. • Costs related to depot adaptions.	4	3	**12**	Climate Change Group SEP Green Fleet Working Group Grant Funding Secured - Electric MealsOnWheels Vehicles	3	2	**6**	⬇	Tolerate	Environment Committee decided 24/6/25 that we should not seek Electric Vehicles in our vehicle renewal programme for 2027, but should instead seek hybrids (diesel/electric) wherever possible.	01 Aug 2025
OS5	Outcome of national waste strategy	• Budget implications. • Service delivery implications. • Operational management implications. • Stakeholder management.	4	3	**12**	Monitoring for Government Announcements Simpler Recycling	2	3	**6**	▬	Tolerate	New Extended Producer Responsibility (EPR) assessment received in July 2025 raises indicated EPR payment from £671k (indicated 11/24) to just over £1m. However, it seems that some of that money may actually be due to Surrey County Council, leaving net £882k to Epsom and Ewell. If so, the Assistant Head of Service for Transport and Waste will brief the Strategic Leadership Team in August 2025.	29 Aug 2025
PD31	Unable to meet costs associated with the Tree Management Plan (e.g. unplanned maintenance, Ash dieback)	• Budgetary pressures. • Public health and safety. • Increased tree planting leads to increased ongoing maintenance costs. • Reputational damage.	4	3	**12**	Budget Monitoring Financial Due Diligence Tree Management Plan Tree Maintenance Contract Policy in place New Policy and fees and charges approved for third party tree planting requests to cover council's costs Epsom & Walton Downs Conservators contribute to the maintenance of trees on the Downs.	2	3	**6**	▬	Treat	Trees requiring Ash Dieback work, and unplanned maintenance works on trees, have increased over the past year and will result in a backlog of tree works over the next financial year. To deal with this, officers are monitoring the situation and have submitted funding bids to support Ash Dieback work.	25 Jul 2025

Licensing & Planning Policy Committee

ID	Title	Potential Effect	L	I	Inherent Risk	Controls	L	I	Residual Risk	DoT	Approach	Commentary / Future Actions	Latest Update
HC27	Out of date licensing policies	• Gaps in governance framework. • Reputational damage.	4	4	16	Additional staff / Access to legal advice / Committee training	3	2	6	⬇	Treat	Elderly licensing policies related to workload issues has caused capacity to be deployed in day to day licence determinations, away from policy work. Investment in the team through new posts and software is beginning to show benefits and policy work has restarted. Expect to monitor over 2025 and confidence that the risk will reduce accordingly.	01 Aug 2025
PD19	Macro-economic factors (inc. lack of development) lead to reduced planning income e.g. related to planning applications and CIL fees	• Reduced income to the Council. • Reduction in the LPPC's budget. • Unable to achieve national housing targets. • Unable to deliver CIL projects.	3	4	12	Budget Monitoring / Ability to Alter Discretionary Service Fees	2	3	6	▬	Tolerate	Fees have increased on 1 April 2025 with a doubling of householder fees and more larger schemes coming forward, with PPAs attached. Fee income should exceed that received last year.	30 Jul 2025
PD2	Planning breaches are not enforced	• Negative impact on neighbouring residents. • Legal challenge. • Reputational damage.	4	4	16	Enforcement Trainer Actioning Cases / Development Management Project	2	3	6	▬	Treat	Risk score remains unchanged. The number of complaints received is still high; however the backlog is decreasing and current workload commitments are worked through. Anticipated improvements to continue. An Internal Audit on Enforcement is also underway.	30 Jul 2025

ID	Risk	Consequences	L	I	Score	Controls	L	I	Score	Trend	Response	Commentary	Date
PD20	Not preparing for legislative changes related to planning	• Inappropriate governance. • Reduced service performance. • Legal challenge. • Reputational damage.	4	4	16	Watching Brief Maintained / Monthly briefing to Chair and Vice-Chair	2	3	6	▬	Tolerate	A number of recent changes have been implemented and are still being worked through e.g. Biodiversity Net Gain with a number of new measures due to come via new legislation over the next 12-18 months,	29 Aug 2025
PD29	Planning policy officers leaving the council	• Knowledge and experience leaves the council. • Increased timings to produce the Local Plan.	2	4	8	Managers working closely with staff	1	4	4	▬	Tolerate	• Remains a high impact risk despite local plan progress. • Contract staff previously made permanent to help reduce risk as much as possible	30 Jul 2025
PD3	Decline in development management performance i.e. threat of designation	• * Poor customer service. • Legal / governmental challenge. • Reputational damage. • Staff dissatisfaction.	3	4	12	Development Management Project	1	4	4	▬	Tolerate	No change. Performance remains excellent in terms of planning applications, and is continually monitored in terms of appeal decision overturns.	30 Jul 2025
HC16	Not preparing for legislative changes related to licencing	• Inappropriate governance. • Reduced service performance. • Legal challenge. • Reputational damage.	4	4	16	Watching Brief Maintained	1	3	3	⬇	Treat	Successful recruitment has reduced the risk in this area. Additional administrative support due to commence in August 2025.	01 Aug 2025
HC23	Non-recovery of licencing fees	• Reduced Council income. • Misalignment of resource costs and income generation. • Reputational damage.	4	3	12	Budget Monitoring	1	3	3	⬇	Tolerate	Risk that government will transfer taxi licensing to strategic authorities, but this is any new Unitary Authority's risk to manage, and there are no significant concerns regarding recovery of fees. Hence likelihood reduced to 1.	19 May 2025

ID	Risk	Cause/Impact	L	I	Score	Controls	L	I	Score	Trend	Response	Comments	Date
HC25	Reduced demand for licensing services due to increased fees/charges	• Reduced income to the Council. • Reduced LPPC budget.	3	3	**9**	Reports submitted to committee for approval Budget Monitoring Service Manager Review	1	3	**3**	▬	Tolerate	Risk currently at a manageable level owing to 2 years fee free, and a modest increase in 2025-26. There is currently no evidence of a reduction in demand.	29 Aug 2025
PD27	The spatial strategy site selection cannot be agreed at Full Council	• Failure to meet the July 2025 deadline. • Failure to meet the transport assessment date with SCC. • Creation of Regulation 19 version of the plan is at risk. • Presentation of Regulation 19 to members at full council could result in the plan being voted down.	3	4	**12**	Full Council Approval Councillor Engagement Transport modelling	1	1	**1**	▬	Tolerate	This risk will be retired this quarter (Q1 2025-26).	29 Aug 2025
PD28	SCC fails to deliver the transport assessment and the infrastructure assessment in time to meet our critical path milestones to deliver our Local Plan	• Fail to meet the July 2025 deadline. • Additional costs are incurred despite not being able to meet the deadline. • Local Plan work may become paused again and the borough remains with an old out of date plan.	2	4	**8**	Engagement w/ Surrey County Council	1	1	**1**	▬	Tolerate	This risk will be retired this quarter (Q1 2025-26). Transport modelling delivered by Surrey County Council (SCC) to support Local Plan Regulation 19 Consultation.	29 Aug 2025

Strategy & Resources Committee

ID	Title	Potential Effect	L	I	Inherent Risk	Controls	L	I	Residual Risk	DoT	Approach	Commentary / Future Actions	Latest Update
F10	Failure to deliver services within agreed budget envelope (e.g. increase in operational costs, staffing, energy etc.)	• Negative impact on council budget. • Service changes.	3	3	9	Budget Monitoring; Annual Budget Setting; Competitive Procurement of Utilities	4	3	12	▬	Treat	Currently overspending on TA and we are able to counter some of the variances but needs full forensic analysis of Housing data to control / manage the variances	02 Sep 2025
PR14	Not delivering a value for money result regarding the future of the current Town Hall site	• Loss of significant (future) income / capital receipts. • Unable to deliver corporate and Borough objectives. • Reputational damage.	3	4	12	Member Working Group; Appoint external consultant	3	4	12	▬	Treat	Being assessed, covered under 6 May 2025 approval, 2025-2027 Strategic Priority 3.	29 Aug 2025
PR3	Property Portfolio	• Significant loss of income. • Costs associated with replacing a tenant. • Budgetary pressures.	3	4	12	Tenant Sustainability Checks; Commercial Property Acquisition Criteria; Reports submitted to committee for approval; Engagement w/ Finance Service; Reported to EEPIC Board	3	4	12	▬	Treat	No change to risk profile necessary. The risk score is unlikely to reduce until the UK economic environment improves.	29 Aug 2025

ID	Risk	Impact	L	I	Score	Controls	L	I	Score	Trend	Response	Commentary	Date
F27	Insufficient funding to implement Local Government Reorganisation	• Funding promised by gov is not enough to cover costs. • Impacts on current day to day spending. • Confirmation from Government that the costs of elections will not be covered. • Implementation of LGR not effective. • Lack of capacity to deliver.	4	4	**16**	Engagement w/ Surrey County Council Manage financial reserves Partners fully engaged Lobby Government Share capacity across partner authorities Reduce council spending	3	3	**9**	⬇	Treat	It is almost certain that the money to complete Local Government Reorganisation will not be enough from Government, and the council will have to use its own finances. However there is pressure on the council's finances.	29 Aug 2025
D21	Declining economic vitality in the Borough	• Lack of economic drive and contributions in the Borough. • Reduced opportunities for residents and businesses.	4	3	**12**	BID Support Annual Plan Objective Local Enterprise Partnership Working w/ Neighbouring Authorities	3	3	**9**	▬	Tolerate	Currently no resource available to progress any further.	29 Aug 2025
PR15	Climate change - Building emissions	• Unable to achieve climate change strategy goal to reduce building emissions. • Council generates more CO2 than necessary.	4	3	**12**	Climate Change Group Climate Change Action Plan	3	3	**9**	▬	Treat	No change to risk profile necessary.	29 Aug 2025

HR11	Lack of leadership and skills to deliver strategies objectives	• Do not meet financial targets. • Unable to implement corporate strategies and plans. • Unable to implement revenue generating initiatives / opportunities.	2	3	**6**	Recruitment Strategy	3	2	**6**	⬆	Treat	Local Government Reorganisation has increased the likelihood of staff moving to other organisations outside of the Surrey councils. We are working on retention, succession planning and recruitment strategies with partners across Surrey to be able to respond to this challenge.	29 Aug 2025
						Retaining Talent Policy							
						Succession Planning							
						Performance Management							
						My Performance Conversations							
						Risk Management Strategy							
						Project Management Governance							
PCR21	Retendering of leisure centre contract	• Reputational damage. • Health and wellbeing of residents compromised. • Loss of business continuity. • Financial impact due to reduction of management fee.	3	4	**12**	SLT sign-off - Feasibility	2	3	**6**	▬	Treat	No change to the score. However we are now in the mobilisation phase, following Community and Wellbeing and Strategy and Resources committees approving the award of the new contract. The mobilisation is on track.	22 Aug 2025
						Contract Management							
						Procurement Strategy							
						Contract Standing Orders							
						Project Contingency Time							
						Corporate Procurement process							
PR16	Reduction in car parking capacity	• Reduced income • Damage to Epsom's vitality and viability eg • Harder for visitors to find space • Overspill of parking into roads.	3	2	**6**	Engagement w/ Surrey County Council	2	3	**6**	▬	Treat	Being assessed as part of 6 May 2025 approval of 2025-2027 Strategic Priority 5.	29 Aug 2025
						Car Park moinitoring							

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DST10	Failing to respond to complaints effectively	• Poor customer experience. • Reputational damage. • Increased costs related to officer time required to rectify complaints after initial response. • Costs related to any financial settlements / restitutions. • Public interest for non-compliance report issued by the Local Government and Social Care Ombudsman (LGSCO).	3	4	12	Staff training	2	2	4	▬	Tolerate	No change this quarter.	29 Aug 2025
						Information Published on Website							
						Complaints Management Governance							
						Complaints Meetings							
O8	Ineffective communication to key stakeholders	• Audiences and stakeholders are unaware of information and updates that are important and/or relevant to them. • Negative impact on Council reputation if we are seen not to be communicating and engaging effectively with audiences.	3	3	9	Service/Function Review	2	2	4	▬	Tolerate	The level of risk remains the same, nothing has significantly changed. Local government reorganisation has changed some of our priorities but we continue to work to the 2024-28. Communications Strategy and annual communications planner. There are no staffing issues and planned campaigns and Business As Usual work continues to be delivered. The team continue to mitigate reputational risk by managing both proactive and reactive messaging.	29 Aug 2025
						Communications Strategy							
						Regular review of communication channels							
						Communications Campaigns							
						Internal Client - Account Manager Process							
						Comms standards							

F26	Incorrect administration of Housing Benefit payments to a provider	• Financial impact to the council which could affect the budget / reserves.	3	3	9	Quarterly monitoring of subsidy position	2	2	4	⬇	Treat	The risk is being closely monitored, and there is ongoing engagement with the DWP.	17 Sep 2025
						Regular liaison meetings with DWP							
						Allocate contingency funds to cover potential financial impacts							

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Annual Governance Statement Actions

Every year we publish our Annual Governance Statement, which outlines the effectiveness of our overall governance framework. As part of this review, we identify key actions which we feel will improve our corporate governance.

Issues Identified	Original Due Date	Due Date	Commentary	RAG Status	RAG Status	Latest Update
2023/24 - Review and enhance recruitment and retention policies and procedures for key roles across the council	31-Mar-2024	30-Sep-2025	The Senior Leadership Team has weekly discussion to ensure that we have a range of retention measures in place, and this is particularly the case in light of the uncertainty of LGR. The Head of People and OD is working with the other Heads of HR across Surrey to take a joined up approach to the potential risk of retention challenges particularly of those in leadership roles ahead of LGR. In addition, the Surrey Chief Executives are building a collective study of retention measures to bring forward for discussion at Surrey Leaders in October 2025.	🔵	Completed	01-Aug-2025
2023/24 - Review and update IT policies as necessary	31-Mar-2024	31-Dec-2025	Additional elements being considered for inclusion in policies including the secured use of Artificial Intelligence (AI). Policy work is being scheduled to align with several high priority IT procurements that are currently underway,	🟢	On track	01-Aug-2025
2023/24 - IT AGS action	31-Mar-2024	31-Dec-2025	Update relates to IT security so cannot be disclosed. Members are requested to contact the report author outside of the committee meeting if they would like the update.	🟢	On track	01-Aug-2025
2023/24 - Councillor Training - review and enhance the councillor training and development programme	31-Mar-2025	31-Oct-2025	At the Strategy and Resources Committee meeting on 23 July 2024, the following action and timescale were agreed: 11.2 Arrange a training for members and officers on committee system governance to understand the role of committees in proper scrutiny of policy. Chief Executive to ask CFGS to run this in October 2025.	🟡	Slippage	01-Aug-2025

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Issues Identified	Original Due Date	Due Date	Commentary	RAG Status	RAG Status	Latest Update
Management capability -to enhance management capability to lead through change, by delivering a new development programme.	31-Mar-2026	31-Mar-2026	The Corporate Leadership Team has begun a development programme around delivering through change. Options for programmes suitable for all managers have been scoped. We are also informing the Surrey Learning Partnership offer. Change training for managers and staff will be rolled out in phases as information on LGR becomes available to support them at the right time.	🟢	On track	18-Jul-2025
Review our cyber security response plans - to review to see if added value can be achieved through consolidation of existing plans	31-Dec-2025	31-Dec-2025	• Discussions with the outsourced SOC provider have concluded, and a Statement of Work has been issued to carry out a gap analysis of all ICT documentation related to Cyber Security, Disaster Recovery, and Backup Documentation. • This process will then lead to the combining of existing knowledge along with industry best practice to create an overarching Cyber Security Response Plan (CRSP) . • The CSRP will also include a detailed Cyber Incident Response Plan centred around the existing and 'to-be' infrastructure at EEBC.	🟢	On track	25-Jul-2025
Staff resourcing across all teams - to Review level of resilience of staff resourcing.	31-Dec-2025	31-Dec-2025	This is currently in scoping phase.	🟢	On track	18-Jul-2025
Manual processes in Place team- to Replace manual processes in the Place Development team with automation.	31-Mar-2026	31-Mar-2026	No further progress has been made with respect to using AI.	🟢	On track	09-Aug-2025
Appeals related to the Local Plan - to review appeals related to the Local Plan to ensure they do not relate to the governance of the Plan.	30-Sep-2025	30-Sep-2025	Local Plan remains at examination stage with the hearings due to commence in late August and scheduled to conclude in mid October 2025.	🟢	On track	24-Jul-2025
Corporate priorities - in light of LGR, management will consider having a focussed set of corporate priorities for the coming year / 2 years	31-Oct-2025	31-Oct-2025	Corporate priorities for 25-27 were taken to full council on 6th May 2025 and approved as the councils priorities for the next two years ahead of LGR	🔵	Completed	08-Aug-2025

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Issues Identified	Original Due Date	Due Date	Commentary	RAG Status	RAG Status	Latest Update
Performance appraisals of the manual workforce - to Develop a suitable My Performance Conversation process for our manual workforce	30-Sep-2025	30-Nov-2025	Discussions have been had with the depot leadership team and agreements about a tailored appraisal process. Forms are being designed for approval	🟢	On track	18-Jul-2025

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Audit and Scrutiny Committee
30 September 2025

Agenda Item 7

REVENUE BUDGET MONITORING - QUARTER 1

Head of Service:	Cagdas Canbolat, Director of Corporate Services and Section 151 Officer (Chief Finance Officer)
Report Author	Sue Emmons
Wards affected:	(All Wards);
Appendices (attached):	None

Summary

This report presents the forecast revenue outturn position for the current financial year 2025/26, as at Quarter 1 (30 June).

Recommendation (s)

The Committee is asked to:

(1)   Receive the revenue budget monitoring report, which sets-out a projected deficit of £485,000 for 2025/26;

(2)   Agree that regular reports continue to be prepared for Community & Wellbeing Committee to update members on progress against the Homelessness Strategy and Action Plan;

(3)   Agree that the updated Quarter 2 position will be reported back to Audit and Scrutiny Committee in November.

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1   Reason for Recommendation

1.1   To present the 2025/26 forecast revenue outturn position to members, as at Quarter 1.

2   Background

2.1   In February 2025, Full Council agreed a net expenditure budget of £10.269m for 2025/26. The budget included a contribution of £79,000 from earmarked reserves.

2.2　At Quarter 1, the Council is expected to be within 5.6% of the overall budget at year-end, with a £485,000 deficit forecast. The projected deficit is mainly due to the higher demand for housing/ homelessness services. This adverse variance is partially offset by two contingency budgets which are not required for 2025/26 and can be earmarked to mitigate the pressures elsewhere within the Council.

2.3　The budget position will continue to be monitored closely, with forecasts updated and reported to members accordingly through the year.

3　Forecast Position

3.1　A summary of the forecast outturn position by service area for 2025/26 is shown in the following table:

Forecast Outturn by Service	Current Approved Budget	Forecast Outturn	Forecast Variance
	£'000	£'000	£'000
Strategy & Resources Committee			
Democratic & Civic	778	778	0
Corporate Functions	830	830	0
Corp Financial Management	776	376	(400)
Tax Collection & Benefits	1,313	1,313	0
Land Charges	22	22	0
Land & Property	(3,193)	(3,193)	0
Economic Dev. & Prosperity	74	74	0
Employee and Support Services	(155)	(155)	0
Building Control Contract	106	106	0
Community Safety	120	120	0
Subtotal Strategy & Resources	**672**	**272**	**(400)**
Environment Committee			
Car Parking	(2,606)	(2,606)	0
Environmental Services	3,478	3,488	10
Contract Management	54	54	0
Environmental Health	730	730	0
Countryside, Parks & Open Spaces	2,444	2,444	0
Subtotal Environment	**4,100**	**4,110**	**10**
Community and Wellbeing Committee			
Housing	2,845	3,720	875
Community Services (Route Call, Meals from Home, Community Alarm)	517	517	0
Support for Voluntary Orgs.	233	233	0
Community Centre	454	454	0

Health & Wellbeing	339	339	0
Sports, Leisure & Cultural	1,325	1,325	0
Precepting & Levying Bodies (NJMC & EWDC)	415	415	0
Subtotal Community & Wellbeing	**6,128**	**7,003**	**875**
Licensing & Planning Policy Committee			
Place Development	1,305	1,305	0
Licensing	6	6	0
Subtotal Licensing & Planning Policy	**1,311**	**1,311**	**0**
Capital Charges	(1,941)	(1,941)	0
Total General Fund	**10,269**	**10,754**	**485**

3.2 The £485,000 projected budget deficit across services for 2025/26 would require a contribution from reserves. As the General Fund reserve currently stands as £1.555m, only £55,000 above the £1.5m minimum balance recommended by Council in July 2025; it is suggested that this deficit is met from the Corporate Projects reserve, decreasing the uncommitted balance from £811,000 to £326,000.

3.3 The following section of the report details the individual budget variances that make up the projected deficit of £485,000 within services.

4   **Budget Variances**

4.1 The main variances to budget are shown by Committee in the following tables.

Strategy & Resources Committee	Adverse / (Favourable) Variance £'000	Detail
Corporate Financial Management	(400)	A contingency created to cover potential loss of income under the new leisure centre contract is no longer required following the successful appointment of the new provider. It is proposed that this is ringfenced to offset pressures within Housing, alongside a further corporate of contingency that is held for in year pressures.
Total Strategy & Resources Variance	**(400)**	

Environment Committee	Adverse / (Favourable) Variance £'000	Detail
Environmental Services, Cemeteries	10	Cemetery income is forecast to under recovery by £10,000 following the withdrawal of in-advance plot purchases and the unpredictable nature of the service. Officers will continue to monitor the income throughout the year and report back if the situation worsens. Income levels will also be considered during the 2026/27 budget setting process.
Environmental Services, Waste Services	0	Trade waste income is forecast to under recover by up to £70,000 due to heavy competition from other providers. Officers are analysing the data to understand whether it is a long-term impact and this will be taken into account during the 2026/27 budget setting process. In addition, an historic saving within the service which was derailed by the government's delayed waste strategy, is not expected to be realised, creating a £100,000 adverse variance. In previous years this was mitigated by recycling credit gains from Surrey CC, but as the price of materials has fallen, no income is expected this year. Both of these adverse positions are expected to be offset by higher than expected grant income from the new Extended Producer Responsibility grant which the Council is receiving for the first time this year.
Total Environment Variance	**10**	

Community & Wellbeing Committee	Adverse / (Favourable) Variance £'000	Detail
Housing/Homelessness	875	Currently the level of the Council's nightly paid accommodation budget is set to accommodate an average of 70 households only in nightly paid accommodation. Due to ongoing elevated demand, the Council supported an average of 116 households during Q1 in nightly paid accommodation. This period also experienced a 19% increase in homelessness applications compared to Q1 of the previous year.
Total Community & Wellbeing Variance	**875**	

5   Employee Costs

5.1   At the end of quarter 1, the Council is tracking in line with its year-to-date employee budget of £3.96m.

5.2   Employee costs are monitored monthly to ensure any adverse variances are flagged promptly to Heads of Service, thereby enabling prompt mitigating action to be taken.

6   Epsom & Ewell Property Investment Company (EEPIC)

6.1   The Council's 2025/26 budget includes £1.35m expected dividend income from Epsom and Ewell Property Investment Company, generated from its two commercial properties.

7   Update on 2025/26 Savings/Additional Income Delivery

7.1   The 2025/26 budget requires new savings/additional income totalling £126,000 to be delivered during the year. The delivery status of these savings is summarised in the following table.

Summary of Budgeted Additional Income/Savings - 2025/26	Committee	Achieved	In progress	Unlikely to be achieved in current year
		£000	£000	£000
Income from Commercial Property	S&R		38	
Additional rental income from Parks buildings	ENV		30	
Other Operational Efficiencies	All		58	
Total Savings		**0**	**126**	**0**

7.2 The RAG rating indicates whether the additional income/saving is considered at either low risk of non-delivery (green), medium risk (amber), or high risk of not being delivered in year (red). Commentary on the highest value and highest risk savings is provided in the following paragraphs:

7.2.1 The income from Commercial Property target is on track to be achieved, through higher rental income following a rent review agreed in 2024/25. Officers closely monitor the quarterly rental income due for collection, with no issues currently anticipated for the remainder of the year.

7.2.2 Additional rental income from buildings within Parks is currently forecast to be on budget by year end and therefore the expectation is that this target will be achieved.

7.2.3 The other operational efficiencies relate to energy savings in the Town Hall; the removal of an historic HR initiative, now delivered via other mechanisms; and a change of supplier for legal publications yielding a small saving.

8 Revenue Reserves

8.1 In July 2025, Full Council agreed to maintain a minimum balance of the general fund working balance reserve of £1.5m, after a previous decision in May 2025 to reduce it from £2.5m to £1m. After using £242,000 to fund the 2024/25 deficit and transferring £1.2m to create a Strategic Priorities reserve, the balance currently stands at £1.555m.

8.2 Other revenue reserves are projected to stand at £11.4m at 31 March 2026, however, £8.4m of this balance is to manage specific risks and contingencies, including the loss of commercial property income and business rates income in future years. A full review of revenue reserves and commitments will be reported to Financial Strategy Advisory Group in 21 November 2025.

8.3 The following table shows a breakdown of the council's revenue reserves, with only the General Fund working balance and corporate projects reserve available for general use:

General Fund Revenue Reserves	01 April 2025 Opening Balance	31 March 2026 Forecast Uncommitted Balance
	£'000	£'000
General Fund	2,755	1,555
Corporate Projects Reserve	3,838	326
Subtotal - Reserves available for general use	**6,593**	**1,881**
Contingencies unavailable for general use	13,591	11,431
Ringfenced funds/grants for specific use	1,892	2,756
Subtotal - Reserves unavailable for general use	**15,483**	**14,187**
Total	**22,076**	**16,068**

8.4　The commitment to maintain a minimum balance on the general fund reserve of £1.5m leaves just £381,000 of available reserves, which the Council allocates on a business case basis, to ensure limited resources are utilised in line with corporate priorities.

9　Actions and Next Steps

9.1　To address the projected budget deficit for 2024/25, the Council's senior management is progressing the following key initiatives:

9.1.1　Regular reports will continue to be prepared for Community & Wellbeing Committee to update members on progress against the Homelessness Strategy and Action Plan; and consider how current pressures can be addressed through the 2026/27 budget setting process.

9.1.2　Strategy & Resources Committee agreed in July 2025 a budget setting framework for 2026/27 which is being progressed by officers accordingly;

9.1.3　Finance officers will continue to monitor the funding landscape to ensure the Council is kept aware of any new government (or other external) funding opportunities.

9.2　The Council's budget position is continuously monitored by the finance team and budget managers. It is expected that the next budget monitoring report to members will be the updated quarter two forecasts to Audit & Scrutiny Committee in November 2025.

10　Risk Assessment

Legal or other duties

10.1　Equality Impact Assessment

10.1.1 None arising directly from the contents of this report

10.2 Crime & Disorder

10.2.1 None arising directly from the contents of this report

10.3 Safeguarding

10.3.1 None arising directly from the contents of this report

10.4 Dependencies

10.4.1 None arising directly from the contents of this report

10.5 Other

10.5.1 Ultimately, all services will be impacted in some way by the Council's overall budget position over the long term.

10.5.2 A full budget risk assessment is presented to Full Council within February's budget report each year

11 Financial Implications

11.1 Financial implications are set out in the body of the report.

11.2 Section 151 Officer's comments: The Q1 forecast presents a structural deficit especially in Housing, in particular Temporary Accommodation which will need to be addressed this year and as part of MTFS. While contingency budgets have helped mitigate some of the pressures the remaining shortfall will require a draw from earmarked reserves which is not sustainable in the long run.

11.3 A detailed analysis of Temporary Accommodation usage is essential to fully understand the drivers behind rising costs in this area. This will enable the Council to identify all controllable cost elements and implement targeted interventions to contain and reduce expenditure. Given the scale of the financial pressure, proactive monitoring and management of demand, placement types, and duration of stay will be critical.

12 Legal Implications

12.1 There are no direct legal implications arising from this report.

12.2 **Legal Officer's comments**: None arising from the contents of this report.

13 Policies, Plans & Partnerships

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

- Effective Council.

13.2 **Service Plans**: The matter is included within the current Service Delivery Plan.

13.3 **Climate & Environmental Impact of recommendations**: None arising directly from the contents of this report.

13.4 **Sustainability Policy & Community Safety Implications**: None arising directly from the contents of this report.

13.5 **Partnerships**: None arising directly from the contents of this report.

13.6 **Local Government Reorganisation Implications**: Local Government Reorganisation (LGR) presents a significant degree of uncertainty and transition risk, which must be actively considered throughout the Council's revenue budget monitoring process. These risks may affect both short-term financial performance and longer-term budget planning.

13.7 As the structure and governance of local authorities continue to evolve, potential changes to funding streams, service delivery responsibilities, and strategic priorities may emerge. These developments could directly influence the assumptions underpinning the revenue budget, requiring ongoing review and adjustment to ensure financial sustainability and responsiveness to change.

14 Background papers

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

Previous reports:

- [Budget Report to Full Council – February 2025](#).

Other papers:

- [EEBC Strategic Priorities 2025-2027 report to Full Council - May 2025](#).

- [2026/27 Strategic Financial Planning report to Strategy & Resources - July 2025](#).

- [Recommendation from Strategy and Resources Committee, 15 July 2025 report to Full Council - July 2025](#).

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CAPITAL BUDGET MONITORING QUARTER 1

Head of Service:	Cagdas Canbolat Director of Corporate Services and Section S151 Officer (Chief Finance Officer)
Report Author	Vanessa Newton, Senior Accountant
Wards affected:	(All Wards);
Appendices (attached):	Appendix 1: Update of Capital Project Progress

Summary

This report presents the capital monitoring position at Quarter 1 for the current financial year 2025/26.

Recommendation (s)

The Committee is asked to:

(1)   Receive the capital monitoring position at quarter 1, as set out in the report:

(2)   Note the progress of capital projects as set out in Appendix 1.

1   Reason for Recommendation

1.1   To present the capital budget monitoring position to members for quarter 1 and to provide an update on the progress of individual capital projects.

2   Background

2.1   This report summarises the capital monitoring information at the end of the first quarter of 2025/26. It details actual capital expenditure and receipts against capital budgets and financing. The report also provides the forecast outturn position and variances as at 30 June 2025.

2.2   The core capital programme does not include investments made through the property acquisition funds, this activity is summarised within section 5.

3   Core Capital Programme

3.1   The expenditure budget per Committee for the core capital programme is shown below:

Committee	2025/26 Original Budget £'000	Carry forwards from 2024/25 £'000	Additions during 2025/26 £'000	2025/26 Current Approved Schemes £'000
Strategy & Resources	0	541	0	541
Environment	654	22	0	676
Community & Wellbeing	1,199	1,360	45	2,604
Licensing & Planning Policy	0	0	0	0
Total	1,853	1,923	45	3,821

3.2 The 2025/26 core capital programme budgets were agreed by full Council in February 2025. The budgets carried forward from 2024/25 were approved at Strategy & Resources Committee on 15 July 2025.

3.3 The £7m Town Hall relocation project was halted following a decision at Council on 6 May 2025 due to the uncertainty created by the Local Government Reorganisation, therefore this has not been included within this report.

3.4 There has been a budget addition in the first quarter of £45,000 for Epsom Playhouse lighting and dimmers which has been funded from revenue reserves. This addition was required to upgrade the house lights.

3.5 Actual expenditure on the core capital programme to the end of June 2025 and a full year forecast is summarised below:

Committee	2025/26 Current Approved £'000	YTD Expenditure £'000	Forecast Outturn £'000	Forecast Variance £'000
Strategy & Resources	541	12	513	(28)
Environment	676	0	179	(497)
Community & Wellbeing	2,604	740	1,909	(695)
Licensing & Planning Policy	0	0	0	0
Total	3,821	752	2,601	(1,220)

3.6 On the core capital programme, the forecast outturn for the full year is £2.6m. The forecast variance of £1.2m comprises of:

3.6.1 £27,000 ICT projects and £20,000 underspend on Sewerage contamination additional works. These are offset by an adverse variance of £16,000 for Bourne Hall Window replacements due to the window type change required to adhere to the conservation officer's specifications after the tender was approved.

3.6.2 Schemes that have been paused - £422,000 Construction of three Temporary Accommodation units due to a pending land registry tribunal; £170,000 on the Alexander Recreation Dojo scheme whilst additional funding is sought, and the two Wellbeing centre schemes totalling £120,000 being deferred due to the uncertainty created by the Local Government Reorganisation.

3.6.3 Schemes deferred to the next financial year are £184,000 Ashley centre car park Waterproof membrane due to tender being above budget; £143,162 Stew Ponds removal of silt due to the nesting season and safe relocation of fish and £150,000 Uppermill Pond Bank replacement as works estimate higher than budget.

3.7 An update on the progress of individual schemes is set out in Appendix 1.

4 Financing of Capital Expenditure 2025/26

4.1 The provisional financing of the 2025/26 core capital programme is summarised below:

Financing of Core Capital Programme	2025/26 Current Approved Budget £'000
Capital Receipts Reserves	1,580
Capital Grants-DFG	1,271
Budgeted Revenue Contributions	500
Revenue Reserves	45
Section 106	425
Total	**3,821**

5 Property Acquisition Funds

Commercial Property

5.1 The Council retains one in-Borough commercial property acquisition fund, which has a remaining balance of £49.6m available borrowing headroom for investment. Please note, this is not a reserve that the Council holds; it is a limit (approved by Full Council) up to which borrowing could be undertaken.

Residential Property

5.2 In 2016/17, the Council established a £3m fund to purchase residential property, principally to assist the Council to manage homelessness and reduce associated costs.

5.3 At the November 2024 Strategy & Resources committee, it was agreed that the remaining balance of funds within the Residential Property Acquisition Fund should be repurposed to create a Residential Property Repair and Maintenance Reserve. With the exhaustion of the balance of funds, this fund will no longer be reported on within this report.

6 S106 Developer Contributions

6.1 The balance of S106 funds held by the authority are set out in the following table:

	£'000	£'000
Section 106 funds held as at 1 April 2025		**1,703**
Section 106 net receipts to 30 June 2025		0
Balance of S106 Funds held as 30 June 2025		**1,703**
Less:		
Funds held due to SCC and other organisations	(130)	
Funds committed and approved for specific schemes	(1,216)	
		(1,346)
Unallocated S106 funds as at 30 June 2025		**357**

6.2 The balance of unallocated S106 balances are all within Affordable Housing; this funding is used to facilitate provision within the Borough where the development is not financially viable without additional funding. Planning officers work with providers to identify schemes where the affordable housing would not be deliverable without the additional support.

6.3 The £1.2m funds allocated for specific schemes include:

6.3.1 £699k of Affordable Housing S106 funds to part match government grant of £1.5m under the Local Authority Housing Fund 3, as agreed at Strategy & Resources Committee on 12 November 2024.

6.3.2 £422k of Affordable Housing S106 funds which has been earmarked for temporary accommodation use microhomes at Fairview Road;

6.3.3 The remaining balance comprises of small schemes such as park bench and signage replacement and maintenance of play equipment.

7 Community Infrastructure Levy

7.1 The Council raised demand notices totalling £421,577 for Community Infrastructure Levy (CIL) for the period 1 April 2025 to 30 June 2025.

7.2 5% is used for administering the scheme and 15% is ring fenced for a local CIL Neighbourhood Scheme. CIL balances are set out in the following table:

	Main Fund (80%) £'000	Community Fund (15%) £'000	Admin Fee (5%) £'000	Total £'000
CIL funds held at 1 April 2025	**7,843**	**1,471**	**490**	**9,804**
CIL invoices raised to 30 June 2025	337	63	21	422
Invoices outstanding at 30 June 2025	(421)	(79)	(26)	(526)
Receipt held as charge against property	(1)	0	0	(1)
CIL Payments made to 30 June 2025	0	0	0	0
CIL Funds held at 30 June 2025	**8,347**	**1,298**	**174**	**9,819**
Less commitments:				
CIL Neighbourhood Fund 2024/25	0	(332)	0	(332)
Monitoring CIL scheme in 2024/25	0	0	(103)	(103)
Strategic CIL Fund in 2024/25				
Ewell Village Public Realm Enhancements	(1,250)	0	0	(1,250)
Priest Hill Football Development – Full size 3G football pitch	(405)	0	0	(405)
New Clubhouse at Old schools Lane, Ewell	(100)	0	0	(100)
Unallocated CIL funds at 30 June 2025	**6,003**	**1,123**	**382**	**7,508**

7.3 Large sums are collected in instalments so not all the cash has been received at this date. Of the £526k of invoices/demand notices raised not yet collected, £273k relates to 2025/26, £238k relates to 2024/25, £15k relates to financial years prior to 2024/25.

7.4 At its meeting on 17 October 2024, LPPC Committee recommended to S&R Committee that CIL funding allocations totalling £2.25m be approved. At the S&R committee meeting on 12 November 2024, strategic CIL funding allocations of £1.755m were approved and have been added as commitments in the table above.

8 CIL Neighbourhood Scheme (15%)

8.1 CIL 15% Neighbourhood Scheme projects are reported separately to Licencing & Planning Policy Committee. LPPC considered proposals for the 2024/25 scheme at its meeting on 17 October 2024 and S&R committee on 12 November 2024 approved neighbourhood CIL funding allocations of £332k. This amount has been added as commitments in the table above. Updates have been made through the Member News channel.

9 Capital Receipts

9.1 The expected balance of capital receipt reserves is shown below:

Capital Reserves	Capital Receipts Reserve £'000
Balance brought forward at 1 April 2025	**3,461**
Funding of 2025/26 capital programme	(1,580)
Capital receipts received to 30 June 2025	95
Balance at 30 June 2025	**1,976**

9.2 During 2025/26, the Council has received a net receipt of £95k for the release of a restrictive covenant on a residential property.

10 Treasury Management Performance

10.1 The Council's budget for 2025/26 includes income of £1,000,000 to be generated on reserves, working balances and cash flow. The budget was based on an assume average return from investments of 4% for the year.

10.2 The performance for the first quarter of 2025/26 on the council's investments is as follows:

01 April to 30 June 2025	Average Investment £'m	Interest Receivable £'000	Average Rate of Return %
Internally Managed Funds			
Money Market Funds	14.58	156.7	4.32
Fixed Rate Deposits	10.00	124.4	4.89

Interest Bearing Account	0.02	0.1	2.50
Total	**24.60**	**281.2**	**4.57**

10.3   During the first quarter of the year, £281,197 of interest had been earned, overachieving the profiled budgeted target of £250,000 for the same period.

10.4   Whilst the Council has been able to capitalise on greater returns available in the market for the first quarter of 2025/26, the current forecast is for base rates to drop to between 3.50% and 3.75% by the end of the financial year.

11   Risk Assessment

Legal or other duties

11.1   Equality Impact Assessment

11.1.1 The impact of each scheme is assessed during the capital appraisal process.

11.2   Crime & Disorder

11.2.1 None arising directly from the contents of this report.

11.3   Safeguarding

11.3.1 None arising directly from the contents of this report.

11.4   Dependencies

11.4.1 None arising directly from the contents of this report.

11.5   Other

11.5.1 Global events and rising inflation have caused firms to significantly increase their quotes for works, having a major impact on the Council's ability to source contractors within budget. This is likely to impact on both current and future capital projects.

12   Financial Implications

12.1   Financial implications are set out in the body of the report.

12.2   **Section 151 Officer's comments**: If members have detailed question(s) on particular capital projects, it is requested that these be submitted in advance where possible, to enable officers to investigate with the relevant scheme manager.

13   Legal Implications

13.1   There are no direct legal implications arising from this report.

13.1 **Legal Officer's comments**: None arising from the contents of this report.

14 Policies, Plans & Partnerships

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

- Effective Council.

14.2 **Service Plans**: The matter is included within the current Service Delivery Plan.

14.3 **Climate & Environmental Impact of recommendations**: The impact of each scheme is assessed during the capital bidding process.

14.4 **Sustainability Policy & Community Safety Implications**: None for the purposes of this report.

14.5 **Partnerships**: None arising directly form the contents of this report.

14.6 **Local Government Reorganisation Implications**: LGR introduces a significant degree of uncertainty and transition risk that must be carefully considered in the management of the Council's capital programme.

14.7 As the structure and governance of local authorities evolve, there may be changes to funding arrangements, asset ownership, delivery responsibilities, and strategic priorities. These changes could directly affect the viability, scope, and timing of capital schemes currently in development or delivery.

15 Background papers

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

Previous reports:

- Budget Report to Full Council – 11 February 2025

- 2024-25 Provisional Financial Outturn – carry forward capital balances, Strategy & Resources Committee, 15th July 2025

Other papers:

- Residential property repair and maintenance fund report, Strategy & Resources Committee, 12 November 2024.

- Local Authority Housing Fund: Round 3 report, Strategy & Resources Committee, 12 November 2024.

- 2024/25 Mid-year Treasury Management, Financial Strategy Advisory Group, 22 November 2024.

Project	Current Approved Budget £	Actuals to Q1 2025/26 £	Year End Forecast 2025/26 £	Variance Estimate £	Comments from Manager	Target Completion
Disabled Facilities Grants and Small Repairs Grants	1,270,999	253,296	1,270,999	0	The DFG programme continues to support residents requiring adaptations to enable them to continue living in their own homes. This year's £1.27m spend is for the Home Improvement Agency to assist disabled, elderly and vunerable residents to stay in their homes safely and independently. This is achieved through home assessments by the team, using the various forms of grant assistance that are available along with the Handy Person service. In addition, the team has teamed up with Action Surrey to replace condemned and inefficient boilers to eligible households across the borough. Budget includes rolled over 2024/25 budget of £296,591.	Ongoing
Stew Ponds Removal of Silt	150,000	0	6,838	(143,162)	To carry out initial surveys, sampling, Bathymetric surveys, Options appraisal Report, programme, and budget costs. Due to the nesting season and the safe relocation of fish the works will not be started this financial year.	December 2026
Uppermill Pond Bank Replacement	150,000	0	0	(150,000)	Works estimated higher than budget allocation at a cost of £300,000. The project has been deferred until the following financial year and additional funding of £150,000 will be applied for in 2026-27 capital proposals.	December 2026
Ashley Centre Car park Waterproof Membrane	184,000	0	0	(184,000)	Works tendered over budget at £350,000 therefore project deferred for next financial year. Additional funding of £166,000 will be applied for in 2026-27 capital proposals.	December 2026

Project	Current Approved Budget £	Actuals to Q1 2025/26 £	Year End Forecast 2025/26 £	Variance Estimate £	Comments from Manager	Target Completion
Court Recreation 3G Pitch Surface Renewal	130,000	0	130,000	0	Works planned to commence September 2025.	November 2025
Playhouse Lighting and Dimmers	270,000	203,547	270,000	0	The tenders for the lighting works identified that the house lights were linked to the dimmer works so have to be actioned simultaneously. To facilitate this, a decision had to be taken to upgrade the house lights alongside the budgeted works and £45,000 of reserve funding was approved to cover the additional works, raising the overall budget for the scheme to £270,000. The successful bidder was appointed at the end of April with the contract due to run from 1 August to 12 September.	November 2025
Sewerage contamination prevention- Longmead depot	22,355	0	2,000	(20,355)	The remaining works required from the 2024/25 scheme will provide a bund wall for ad-blue containment.	September 2025
Playground renovations	40,000	0	40,000	0	This project is currently at procurement stage and a tender to be actioned. Works consist of replacement of playground surface and defective equipment.	November/ December 2025

Project	Current Approved Budget £	Actuals to Q1 2025/26 £	Year End Forecast 2025/26 £	Variance Estimate £	Comments from Manager	Target Completion
ICT Programme of Works	278,065	6,180	278,065	0	The Firewall Replacement Programme is a critical step to address risks from ageing infrastructure that will soon be unsupported. Without renewal, the organisation could face vulnerabilities due to missing security updates and vendor support. Firewalls are vital for protecting digital operations, and completing this upgrade by the end of 2025 will help maintain security, continuity, and alignment with broader infrastructure improvements.	December 2025
					Replacing the two core switches is essential as the current hardware is reaching end-of-support. Without vendor maintenance, these switches could compromise network reliability and security. As central components of the ICT infrastructure, their timely replacement before the end of 2025 supports operational stability and fits within the department's wider infrastructure strategy.	December 2025
					The physical servers scheduled for replacement in the 2025/26 capital plan are nearing end-of-support, increasing the risk of security issues and performance decline. Their renewal is necessary to maintain reliability and resilience across the ICT environment.	December 2025
					The replacement of additional switches and network hardware is required due to end-of-support status. Continuing to use unsupported equipment could lead to security and performance problems. These components are key to ensuring stable and secure network operations, making their timely upgrade essential.	December 2025
					The rollout of the 3CX softphone solution supports the 2023 ICT Strategy's aim to modernise communications by moving away from legacy systems. It enables flexible, cloud-based voice services that enhance resilience, support hybrid working, and contribute to sustainability goals.	March 2026

Project	Current Approved Budget £	Actuals to Q1 2025/26 £	Year End Forecast 2025/26 £	Variance Estimate £	Comments from Manager	Target Completion
Replacement of CRM and Data Warehouse	262,487	5,754	235,000	(27,487)	The My Council Services (MCS) project aims to improve digital services through additional MCS v5 form development, supported by potential consultancy from the supplier Abavus. A temporary Business Analyst will define requirements over six months, while a dedicated ICT Project Manager will continue to provide project oversight. These roles are key to ensuring the CRM replacement is well-planned and aligned with strategic goals. Delivery is phased from mid 2025 to early 2026. The Data Warehouse supports infrastructure upgrades, including Citrix and VMware renewal, as part of a revised data centre migration. These updates are vital for secure, scalable services, especially during the transition to a new unitary authority as a result of the Local Government Reorganisation (LGR). Renewing virtualisation tools ensures continuity for staff and services, helping the council maintain stability and service delivery through the organisational change brought about by the LGR.	March 2026 December 2025/March 2026

Capital Project Progress – 2025/26 Quarter 1

Project	Current Approved Budget £	Actuals to Q1 2025/26 £	Year End Forecast 2025/26 £	Variance Estimate £	Comments from Manager	Target Completion
Bourne Hall Window replacement – First and Second Phases	348,814	280,639	365,314	16,500	Phase 1 -completed in March 2025. Removal of Asbestos works completed in August 2025. Phase 2 expected to be completed by September 2025. Additional spend has been incurred due to a change to the window type as specified by the conservation officer after the tender was approved. Budget 2024/25 was £611,234 of which £262,420 was spent leaving rolled over balance of £348,814.	Phase 1 completion end March 2025 Phase 2 completion September 2025
Construction of Temporary Accommodation units	424,975	2,945	2,945	(422,030)	Planning permission for 3 modular family units was granted on 7 November 2024. Each unit will contain two bedrooms. Project on hold due to a legal challenge, awaiting a land registry tribunal. Budget 2024/25 was £435,000 of which £10,025 was spent leaving a rolled over balance of £424,975.	To be advised
Wellbeing Centre windows replacement	60,000	0	0	(60,000)	Works have been deferred due to the uncertainty created by the Local Government Reorganisation.	Waiting Asset Review

Project	Current Approved Budget £	Actuals to Q1 2025/26 £	Year End Forecast 2025/26 £	Variance Estimate £	Comments from Manager	Target Completion
Wellbeing Centre solar panel installation	60,000	0	0	(60,000)	Works have been deferred due to the uncertainty created by the Local Government Reorganisation.	Waiting Asset Review
Alexandra Rec Dojo	170,000	0	0	(170,000)	The old building has been demolished; a planning application was submitted for the new proposal at committee in November 2023. Quotes for works amounted to £390,000. As this is higher than budget, other sources of grant funding are being investigated. Works will commence if funding/necessary approvals can be secured.	N/A

MANAGEMENT RESPONSE TO EXTERNAL AUDITOR'S REPORT

Head of Service:	Cagdas Canbolat, Director of Corporate Services and Section 151 Officer (Chief Finance Officer)
Report Author	Andrew Bircher
Wards affected:	(All Wards);
Appendices (attached):	

Summary

To present a report on the management responses to the External Auditor's recommendations as requested at the March 2025 A&S committee.

Recommendation (s)

The Committee is asked to:

(1)   Receive the report.

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1   Reason for Recommendation

1.1   No action is proposed as a result of this report and so it is therefore only to note.

2   Background

2.1   At the February meeting of the A&S committee, there were concerns raised regarding the findings around the performance and culture of the Council, and some in the Committee felt that the responses provided by the Council's Strategic Leadership Team to the External Auditor's' recommendations and findings needed further information.

2.2   In the March meeting an amendment to the work programme was proposed, with the addition of a new agenda item to the July 2025 Committee Meeting. This is detailed in the draft minutes as;

'To request a report from SLT explaining management responses to External Auditors as reported to the Committee in February 2025'

2.3   At the July meeting it was requested that the item be deferred to the September meeting.

3   Body of report

3.1   In the February meeting the committee received, as normal, the external auditor's report for the 23/24 accounts. They proposed an unqualified opinion (favourable), but highlighted the concerns raised by some members during the LGA Peer Review, with the following narrative:

3.1.1 In March 2024, the LGA Peer Review listed decision making in general as an area that needs to improve. The Review referred to "universal frustration and confusion around the lack of transparency through the decision-making process" and stated that "Some members described a 'culture of secrecy' due to the overuse of pink papers and 'too many decisions being made under part 2 as a media management strategy'. The LGA Peer Review concluded that there is "an immediate need to make it clear and transparent how decisions are made in a committee system at the council and ensure this is communicated to all staff and members to avoid further frustration and confusion". From our own testing, we identified an update to the constitution and scheme of delegation that was not fully discussed in public meetings and not fully transparent recommendations under their heading value for money

3.2   The auditor's recommendation to the council was as follows:

3.2.1 The Council should develop a clear approach towards transparency. The Council should be mindful of requirements to be open and accountable.

3.3   The published management (SLT) response to the auditor's comment was as follows (extract from the auditor's report):

3.3.1 SLT believe the Council is transparent in its reporting and through Committees. The issue referred to was one which was subject to advice and was not suitable for public discussion. The rationale for why a report is considered a restricted item is explained in the public documents, and a vote is taken at committee to move into a restricted part of the meeting. As part of agenda planning all items that are restricted are placed at the end of the agenda so that if there are any public in the gallery or watching online do not then have to rejoin the meeting later.

We recognise the issue and to ensure this does not recur, the Council has now scheduled regular catch-ups with the external auditors throughout the year to promote open dialogue and ensure that key matters are raised and addressed appropriately with external auditors.

4   Expanded management commentary on the auditor's findings

4.1 Along with all elected members, the management team of the council understand and promote the need for transparency and openness in the Council's decision making and will continue to push to ensure this is observed wherever possible. There are a number of actions that are recognised as best practice which support a transparent decision-making processes, which we adhere to:

4.1.1 Publish details of when key decisions will be taken, meeting papers at least five working days beforehand, and minutes showing the decisions made. This ensures that the public can follow and understand the decision-making process.

4.1.2 Have robust overview and scrutiny arrangements. We have an active Audit committee and a committee system which provides opportunity for full scrutiny of decision making, all of which are politically balanced.

4.1.3 Encourage public participation by making meeting agendas, minutes, and reports accessible on their websites. Most council meetings are open to the public, fostering transparency unless there is a robust reason for exempt papers which cannot be discussed in a public forum.

4.1.4 Have in place good assurance mechanisms, such as our annual governance statement, internal and external audit functions.

4.1.5 Our constitution, which sets out how we make decisions is a publicly available document

4.2 To ensure that the Council is as transparent as possible, below we have set out a number of considerations and actions that we take as a council and a leadership team:

4.2.1 We recognise that certain issues have to be discussed by policy committees in confidence or need urgent decisions. We will consider this on a case-by-case basis. In order to avoid prejudicing the council by leaving it open to legal challenge (e.g. if a third party sought damages from the council if it were to reveal commercially sensitive information about them in a public meeting) there is sometimes a need to have private conversations. Legislation exists to allow this to happen. The numbers of decision items that are taken as exempt papers is limited and only done where there is no other option. We strive to enable papers to be part public and part exempt and, in some meetings, although there may be exempt papers (as an appendix for example), they are not referred to and the meeting can remain in open session (but councillors have had the information they need in order to reach a decision).

4.2.2 Whenever an item is to be discussed in confidence at committee, the reasons for doing so are made clear in the published public papers, in line with legislation, and a vote taken by members of the committee to move into a private section of the meeting. Any proposed exempt items are first scrutinised by the Legal team to ensure that the rationale is valid and are discussed at committee callover meetings with the Chair/Vice Chair. Management believe that Councillors are generally supportive of this approach given that in recent times there has not been any instance where members have voted to remain in the public session (to discuss confidential papers in public) and not move into a private part of the meeting.

4.2.3 We acknowledge that it is not always immediately clear to readers why certain reports are considered under the exempt section of committee meetings. Going forward, we will ensure that the rationale for exemption is communicated more transparently and is better understood by the public.

4.2.4 As senior management, we will continue to closely monitor requests for reports to be discussed in exempt session and will ensure that, unless absolutely necessary for the reasons outlined above, all papers are presented in public.

4.2.5 We also welcome the external auditor's review of historic exempt reports, which will provide valuable assurance regarding the appropriateness of their classification.

4.2.6 Another area where we need to be mindful of transparency requirements is the subject of urgent decisions taken outside of committee. As a management team we try to limit these where possible and timetable decisions so they can come to committee or arrange extraordinary meetings to facilitate member involvement. However, some issues cannot be decided this way due to time constraints and there is provision in our Constitution to deal with those (they are normally matters where a decision is required urgently and it is not practical to call a meeting of the relevant committee, and there is not one scheduled in good time). These decisions are taken in consultation with the committee Chair, published in Members' news, and reported to the next scheduled committee. An annual report is also brought to A&S on all urgent decisions, and this is presented in a public document.

4.2.7 It should also be noted that we operate a committee system of governance rather than a cabinet system, which is an inclusive and transparent way of making decisions in the public domain.

4.2.8　When commenting on transparency, the external auditor reported on the findings of the LGA peer review. The example given around governance was one that was fully discussed by elected members at Full Council, and in management's view, was an exempt item for sound legal reasons. Councillors had agreed, in voting to discuss the matter as an exempt item, that they were happy to do so. We carefully considered the available options and believe the approach taken was appropriate under the circumstances but agree that this should have been discussed timely with auditors at the time.

4.2.9　We have recently had an audit carried out on our decision making and accountability by our internal auditor, which found that the council had a reasonable level of assurance.

4.2.10　We have in the past provided an information / training session for councillors (normally for new councillors, recently elected) about the decision-making process in a local authority. We will continue to provide this for any new councillors and presumably the new unitary authority will provide training for its new councillors.

4.2.11　Identifying that the matter under consideration by the auditor was something that should have been flagged with them sooner, and as mentioned above, the Director of Corporate Services has put in place regular catch ups with the external auditor to ensure that any issues can be discussed and raised outside of the normal audit timetable.

4.3　The council, both members and officers, will continue to promote transparency, and openness of decision making and will discuss with the external auditor whether there are additional measures that we can implement to improve our performance in this area. In any event, this will then be an issue that the external auditor will revisit when they carry out the subsequent year's audit.

4.4　We will also continue to monitor this area as part of the Annual Governance Statement and performance monitoring.

5　Legal or other duties

5.1 Equality Impact Assessment

5.1.1　Not required for this report

5.2　Crime & Disorder

5.2.1　No issues arise from this report

5.3　Safeguarding

5.3.1　No issues arise from this report

5.4   Dependencies

     5.4.1 none

5.5   Other

     5.5.1 none

6   Financial Implications

6.1   None.

6.2   **Section 151 Officer's comments**: No direct financial impact from the outcome of this report.

7   Legal Implications

7.1   **Legal Officer's comments**: None for the purposes of this report.

8   Policies, Plans & Partnerships

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

- Delivering value for money

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

8.3   **Climate & Environmental Impact of recommendations** No issues

8.4   **Sustainability Policy & Community Safety Implications**: None

8.5   **Partnerships**: None

8.6   **Local Government Reorganisation Implications**: none

9   Background papers

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

Previous reports:

- External Audit Update – February 2025

    - Appendix 1 – External Auditors Annual Audit Findings (AFR) for the year ending 31 March 2024

    - Appendix 2 – 2023/24 Statement of Accounts

    - Appendix 3 – Letter of Representation (Grant Thornton)

- Appendix 4 – External Auditors Annual Report (VfM) for the year ended 31 March 2024

Other papers:

- A&S Minutes – February 2025

- A&S Minutes – March 2025

- A&S Draft Minutes – July 2025

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INTERNAL AUDIT - EXTERNAL QUALITY ASSESSMENT

Head of Service:	Andrew Bircher, Assistant Director of Corporate Services
Report Author	Iona Bond, Deputy Head of Southern Internal Audit Partnership
Wards affected:	(All Wards);
Appendices (attached):	**Appendix 1 –** Quality Assurance & Improvement Programme

Summary

The purpose of this paper is to provide an overview of the alternative options considered in commissioning an external assessor to undertake the pending independent assessment of the Southern Internal Audit Partnership against the Global Internal Audit Standards in the UK Public Sector.

Recommendation (s)

The Committee is asked to:

(1) Note the arrangements for the pending external assessment of the Southern Internal Audit Partnership against the Global Internal Audit Standards in the UK Public Sector.

1   Reason for Recommendation

1.1   In accordance with the Global Internal Audit Standards in the UK Public Sector the Chief Internal Auditor is required to develop a plan for an external quality assessment.

2   Background

2.1   The mandate for internal audit in local government is specified within the Accounts and Audit [England] Regulations 2015, which states:

'A relevant authority 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.'

2.2 From 1 April 2025, the 'standards or guidance' in relation to internal audit are those laid down in the Global Internal Audit Standards (GIAS), Application Note: Global Internal Audit Standards in the UK Public Sector (Application Note) and the Code of Practice for the Governance of Internal Audit in UK Local Government. The collective requirements are referred to as the Global Internal Audit Standards in the UK Public Sector (the Standards).

2.3 The Standards (8.3) require 'the Chief Internal Auditor to develop, implement and maintain a quality assurance and improvement programme that covers all aspects of the internal audit function. The programme includes two types of assessments:

- *External assessments*

- *Internal assessments'.*

2.4 The Southern Internal Audit Partnership's Quality Assurance and Improvement Programme is provided at Appendix 1.

2.5 The Standards (8.4) require that *'the Chief Internal Auditor must develop a plan for an external quality assessment and discuss the plan with the Audit and Scrutiny Committee. The external audit assessment must be performed at least once every five years by a qualified, independent assessor or assessment team. The requirement for an external assessment may also be met through a self-assessment with independent validation*.

Form of External Quality Assessment

2.6 There are two approaches to meeting the requirement of an External Quality Assessments:

- **A Full-scope External Quality Assessment (EQA)** involves an independent and qualified Assessment Team. This is a more expensive option, as there is less work required by the Southern Internal Audit Partnership. The EQA is conducted in accordance with the Quality Assessment Manual with most of the work conducted by the Independent Assessment Team.

- **A Self-assessment with Independent Validation (SAIV)** is where the Southern Internal Audit Partnership performs the "self-assessment" portion and an external, independent qualified validators review the self-assessment portion and provides their "independent validation." The SAIV is conducted in accordance with the requirements of the Quality Assessment Manual and the self-assessment team is responsible to execute all aspects of the requirements as defined therein. This is a more economical approach because the Southern Internal Audit Partnership compiles most of the work.

2.7 Both approaches include workpaper reviews, surveys, stakeholder interviews, and issuance of a report that provides a rating as identified by the Quality Assessment Manual, i.e., Full Achievement, General Achievement, Partial Achievement and Non-Achievement.

External Assessor

2.8 GIAS 8.4 sets out a requirement that when selecting the independent assessor or assessment team, the chief internal auditor must ensure at least one person holds an active Certified Internal Auditor designation.

2.9 The Relevant Internal Audit Standard Setters (RIASS) in their Application Note have determined that the qualification requirement in GIAS 8.4 (External Quality Assessment) should be replaced by a more comprehensive qualification requirement within the public sector.

2.10 The enhanced expectation within the public sector is that at least one person has the characteristics outlined for qualification as a chief internal auditor. The RIASS consider that such a person would normally have an understanding of the GIAS commensurate with the Certified Internal Auditor designation, including internal audit relevant continuing professional development and an understanding of how the GIAS are applied in the UK public sector. These matters must be considered as part of the selection process.

Independence

2.11 It is essential that there are no impairments to the independence of the external assessor or assessment team driven by past, present, or anticipated future relationships with the organisation, its personnel, or the Southern Internal Audit Partnership.

2.12 Appropriate due diligence has been carried out on the assessors and their assessments teams with which we have engaged to quote for the pending external quality assessment.

Scope and Frequency

2.13 There is a requirement that all internal audit providers undergo an external quality assessment performed by an independent and qualified assessor or assessment team at least once every five years to ensure conformance with the Standards.

2.14 It is permissible that more frequent external quality assessments are undertaken should this be considered necessary.

2.15 Given the requirement to supplement the external quality assessment with an annual self-assessment the outcomes of which will be fully and transparently reported to the Audit and Scrutiny Committee, it is considered that an external quality assessment every five years remains a proportionate approach.

2.16   Should there be significant change to arrangements within the Southern Internal Audit Partnership including changes in leadership, operating model, methodologies or excessive staff turnover, the Head of the Southern Internal Audit Partnership will further engage with Senior Management and the Audit and Scrutiny Committee to discuss whether an additional external assessment (within the 5-year timeframe) would be appropriate.

2.17   The scope of the external quality assessment will include a comprehensive review of the Southern Internal Audit Partnership's:

- Conformance with the Global Internal Audit Standards in the UK Public Sector.

- Mandate, charter, strategy, methodologies, processes, risk assessment and internal audit planning.

- Performance measures and outcomes.

- Qualifications and competencies including those of the Chief Internal Auditor.

- Integration into the organisation's governance processes.

- Contribution towards the organisation governance, risk management, and control processes.

- Contribution to the organisations operations and ability to attain its objectives.

- Ability to meet the expectations of stakeholders.

External Quality Assessment Providers

2.18   There are several organisations capable of providing external quality assessments, however, the requirement of public sector expertise does significantly limit the field. Consequently, the Head of Southern Internal Audit Partnership has engaged with the following providers to acquire details of approach and cost:

- Chartered Institute of Public Finance and Accountancy (CIPFA).

- JC Audit Training Ltd.

- BHBi (in partnership with Littlejohn and Haley).

External Quality Assessment Providers Discounted

2.19   A further credible source of assessment provider would be the Institute of Internal Auditors (IIA), however, due to the IIA having undertaken the Southern Internal Audit Partnership's external quality assessments in 2015 and 2020 this was not explored for our 2025 assessment as it is considered a fresh perspective on conformance and operating practices would be beneficial and mitigates any perceived impairment to independence.

2.20   The Global Internal Audit Standards do enable provision for reciprocal peer assessments rotated among three or more organisations within the same industry sector.

2.21   Due to their nature there would be no financial outlay in adopting this approach, however, there would be the opportunity costs of the Head of the Southern Internal Audit Partnerships time in reciprocating any peer review requested of the SIAP.

2.22   The independent status of the external assessment is paramount and there may be a perception that this is diminished as part of the peer review approach. As such the collaborative approach has not been explored further as part of this paper.

Implications for Multi Service Providers

2.23   The benefits of an EQA go beyond conformance with the GIAS. An EQA provides independent and objective assurance to internal audit stakeholders that the governance, management, and services of internal audit are meeting best practice and the needs of the organisation.

2.24   However, the introduction of new requirements in GIAS, such as the essential conditions placed on the Audit and Scrutiny Committee and senior management, introduce practical challenges for multi-client providers (MCPs) such as the Southern Internal Audit Partnership which need to be considered.

2.25   The involvement of the Audit and Scrutiny Committee and senior management can now present challenge for MCPs who have historically arranged one EQA to cover all clients. MCPs now need to consult with every Audit and Scrutiny Committee they provide services to and provide individual reports, increasing the workload and costs which have not been previously factored.

2.26   There remains ongoing consultation, and we await further clarification in the spring/ summer, however, engagement with each of the potential assessor has made clear our operating model, position as a multi-client provider and need to ensure a robust process to demonstrate conformance on which all of our partner organisations can place reliance.

Approach

2.27   It is proposed that the Southern Internal Audit Partnership conduct their external assessment as a Self-Assessment with Independent Validation (SAIV) as outlined in paragraph 2.6.

2.28   The key drivers for the SAIV approach include:

- It is a recognised approach within the Standards, meeting the requirements of an external quality assessment.

- The approach requires external validation from an independent, qualified external assessor.

- Provides a more economical approach as a majority of information gathering is completed by the Southern Internal Audit Partnership. This is particularly pertinent due to our multi-client provider status.

- Minimises capacity implications for our Partners.

Next Steps

2.29   Following receipt of quotations from the providers (detailed in paragraph 2.18) a full assessment of proposals will be undertaken with appointment based on:

- Cost.

- Experience (profession and industry).

- Qualification.

- Independence.

- Approach.

2.30   The successful provider will be commissioned to undertake the SAIV with a requirement for completion by December 2025.

2.31   The Southern Internal Audit Partnership have already compiled a full self-assessment against the Global Internal Audit Standards in the UK Public Sector during July / August 2025 in preparedness for the external assessor.

2.32   A copy of the external assessor report will be presented to the first meeting of the Audit and Scrutiny Committee in 2026. Additionally, an action plan for review and approval will be presented by the Chief Internal Auditor to address any identified deficiencies or opportunities for improvement, if applicable.

Conclusion

2.33 To accord with the Global Internal Audit Standards in the UK Public Sector the Head of the Southern Internal Audit Partnership has put in place arrangements for a SAIV to be conducted during November / December 2025.

2.34 In accordance with the Standards and the Internal Audit Charter outcomes will be fully reported to the Audit and Scrutiny Committee following receipt of the assessors final report.

3 Risk Assessment

Legal or other duties

3.1 Equality 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.

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**: The council is required by statute (under the Regulations 3 & 5 of the Accounts and Audit Regulations 2015 and section 151 of the Local Government Act 1972) to have an adequate and effective internal audit function. Regulation 3 of the Accounts and Audit Regulations 2015 requires the council to ensure that it has a sound system of internal control which (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives; (b) ensures that the financial and operational management of the authority is effective; and (c) includes effective arrangements for the management of risk. Regulation 5 of the Accounts and Audit Regulations 2015 requires the council to 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.

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.

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

6.3 **Climate & Environmental Impact of recommendations**: not applicable.

6.4 **Sustainability Policy & Community Safety Implications**: not applicable.

6.5 **Partnerships**: not applicable.

6.6 **Local Government Reorganisation Implications**: not applicable.

7 Background papers

7.1 None.

**Southern Internal
Audit Partnership**

*Assurance through excellence
and innovation*

SOUTHERN INTERNAL
AUDIT PARTNERSHIP

Quality Assurance
&
Improvement Programme

Prepared By: Neil Pitman, Head of Southern Internal Audit Partnership

June 2025

1. Introduction

The quality assurance and improvement programme [the QAIP] has been produced to evaluate the Southern Internal Audit Partnership [SIAP] conformance with the Global Internal Audit Standards in the UK Public Sector[1], achieve established performance measures, and pursues continuous improvement.

The programme includes the requirement for both internal and external assessments.

2. Relevant Standards

Standard 8.3 Quality - requires the Head of SIAP to develop, implement, and maintain a quality assurance and improvement programme that covers all aspects of the internal audit function. The program includes two types of assessments:

- o External assessments.
- o Internal assessments.

At least annually, the Head of SIAP must communicate the results of the internal quality assessment to the Audit Committee (or equivalent) and senior management.

The results of the external quality assessments must be reported when completed. In both cases, such communications should include:

- o The internal audit function's conformance with the Standards and achievement of performance objectives / measures.

- o If applicable, compliance with laws and/or regulations relevant to internal auditing.

- o If applicable, plans to address the internal audit function's deficiencies and opportunities for improvement.

The GIAS in the UK Public Sector includes 'Essential Conditions' that Audit Committees (or equivalent) and Senior Management should be aware of.

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[1] The global Internal Audit Standards in the UK Public Sector conforms of the Global Internal Audit Standards, the Application Note: Global Internal Audit Standards in the UK Public Sector and the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government (the Code)

Regarding the QAIP the essential conditions are as follows:

Audit Committee (or equivalent)

- o Discuss with the chief internal auditor the quality assurance and improvement program.
- o Approve the SIAPs performance measures at least annually.
- o Assess the effectiveness and efficiency of the internal audit function. Such an assessment includes:

  - o Reviewing SIAPs performance objectives / measures, including its conformance with the Standards, laws and regulations; ability to meet the internal audit mandate; and progress towards completion of the internal audit plan.
  - o Considering the results of SIAPs quality assurance and improvement program.
  - o Determining the extent to which SIAPs performance objectives / measures are being met.

Senior Management

- o Provide input on SIAPs performance objectives / measures.
- o Participate with the Audit Committee (or equivalent) in an annual assessment of the chief internal auditor and internal audit function.

3. External Quality Assessment [Standard 8.4]

The Head of SIAP must develop a plan for an external quality assessment and discuss the plan with the senior management and the Audit Committee (or equivalent).

The external assessment must be performed at least once every five years by a qualified, independent assessor or assessment team. The requirement for an external quality assessment may also be met through a self-assessment with independent validation.

The Relevant Internal Audit Standard Setters (RIASS) in their Application Note have determined that the qualification requirement in GIAS 8.4 should be replaced by a more comprehensive qualification requirement within the public sector.

The enhanced expectation within the public sector is that at least one person has the characteristics outlined for qualification as a chief internal auditor.

The RIASS consider that such a person would normally understand the GIAS commensurate with the Certified Internal Auditor designation, including internal audit relevant continuing professional development and an understanding of how the GIAS are applied in the UK public sector. These matters must be considered as part of the selection process.

The essential conditions for the external quality assessment are as follows:

Audit Committee (or equivalent)

o   Discuss with the chief internal auditor the plans to have an external quality assessment of the internal audit function conducted by an independent, qualified assessor or assessment team.
o   Collaborate with senior management and the chief internal auditor to determine the scope and frequency of the external quality assessment. Consider the responsibilities and regulatory requirements of the internal audit function and the chief internal auditor, as described in the internal audit charter, when defining the scope of the external quality assessment.
o   Review and approve the chief internal auditor's plan for the performance of an external quality assessment. Such approval should cover, at a minimum:
    o   The scope and frequency of assessments.
    o   The competencies and independence of the external assessor or assessment team.
    o   The rationale for choosing to conduct a self-assessment with independent validation instead of an external quality assessment.
o   Require receipt of the complete results of the external quality assessment or self-assessment with independent validation directly from the assessor.
o   Review and approve the chief internal auditor's action plans to address identified deficiencies and opportunities for improvement, if applicable.
o   Approve a timeline for completion of the action plans and monitor the chief internal auditor's progress.

Senior Management

o   Collaborate with the Audit Committee (or equivalent) and the chief internal auditor to determine the scope and frequency of the external quality assessment.
o   Review the results of the external quality assessment, collaborate with the chief internal auditor and Audit Committee (or equivalent) to agree on action plans that address identified deficiencies and opportunities for improvement, if applicable, and agree on a timeline for completion of the action plans.

4. **Internal Quality Assessment [Standard 12.1]**

The Head of SIAP must develop and conduct internal assessments of the internal audit function's conformance with the Global Internal Audit Standards in the UK Public Sector and progress toward performance objectives / measures.

The Head of SIAP must establish a methodology for internal assessments that includes:

- o Ongoing monitoring of SIAPs conformance with the Standards and progress toward performance objectives / measures.
- o Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices to evaluate conformance with the Standards.
- o Communication with the Audit Committee (or equivalent) and senior management about the results of internal assessments.

Based on the results of periodic self-assessments, the Head of SIAP must develop action plans to address instances of nonconformance with the Standards and opportunities for improvement, including a proposed timeline for actions.

Internal assessments must be documented and included in the evaluation conducted by an independent third party as part of the external quality assessment.

If nonconformance with the Standards affects the overall scope or operation of the internal audit function, the Head of SIAP must disclose to the Audit Committee (or equivalent) and senior management the nonconformance and its impact

5. **On-going Monitoring**

Whilst periodic internal self-assessments and external quality assessments are a key expectation of the GIAS in the UK Public Sector, the SIAP aim is to provide a service that remains responsive to the needs of the Council and maintains consistently high standards. This is achieved through a range of initiatives including:

- o On-going liaison with management to ascertain the risk management, control and governance arrangements, key to corporate success
- o On-going development of a constructive working relationship with other assurance providers to maintain a cooperative assurance approach.
- o A tailored audit approach using a defined methodology and assignment documentation.

o Review and quality control of all internal audit work through key review gateways within the audit process by professional qualified senior staff members.
o Regular one to one meetings between staff and line management to monitor performance
o On-going performance management (through the Valuing Performance Framework)
o Quarterly reporting to the Audit Committee (or equivalent) and senior management which includes progress against the internal audit plan, summaries of key issues, monitoring of the implementation of management actions and updates on internal audit performance measures.

6. Communication of QAIP Progress and Outcomes

In accordance with the GIAS in the UK Public Sector the chief internal audit will communicate the outcomes of the quality assurance and improvement programme to the Audit Committee (or equivalent) and senior management and will include as a minimum:

o The outcome of internal quality assessments
o The outcome of external quality assessments
o Any non-conformance with the GIAS in the UK Public Sector
o Actions to address any potential areas of non-compliance with the GIAS in the UK Public Sector
o Quarterly updates (through the Internal Audit Progress Report) of the SIAPs performance measures

7. QAIP Action Plan

The Quality Assurance & Improvement Programme - Action Plan at Appendix A presents SIAPs plans to address areas of non-compliance with the GIAS in the UK Public Sector and opportunities for improvement.

Updates on progress against the implementation and outcomes of actions will be presented periodically to the Audit Committee (or equivalent) and Senior Management.

Quality Assurance & Improvement Programme – Action Plan

Ref.	Action	Action Owner	Target Date	Detail
Non-Conformance with the GIAS in the UK Public Sector				
N/A	N/A	N/A	N/A	N/A
Opportunities for Improvement				
1	Work with partners organisations to facilitate completion of action plans to implement the expectations of the Code of Practice for the Governance of Internal Audit in Local Government	SMT	Dec 25	CIPFA has developed the Code of Practice for the Governance of Internal Audit in UK Local Government (the Code) to support authorities in establishing their internal audit arrangements and providing oversight and support for internal audit. The Code is designed to work alongside new internal audit standards and is aimed at those responsible for ensuring effective governance arrangements for internal audit: o The body or individual charged with governance – this includes the police and crime commissioner and chief constable (corporations sole) in policing or full body of the authority. o The audit committee, the primary committee that may hold some delegated responsibilities towards internal audit. o Senior management of the authority, including the statutory officers, head of paid service, monitoring officer and section 151/section 95 officer that hold responsibilities for governance. SIAP have developed an action plan to work with each of our Partners to both raise awareness of the CoP and to facilitate the implementation of key actions to enhance compliance at an organisational level

Ref.	Action	Action Owner	Target Date	Detail
2	Further explore the 'should' and 'may' aspects of the GIAS to optimise good practice. Extend to review 'Topical Requirements' which are not considered mandatory within the public sector	Neil Pitman, Head of SIAP / SMT	Aug 26	The Standards use the words 'should' and 'may' to specify common and preferred practice (non-mandatory). Initial focus has been placed in ensuring SIAP have in place the mandatory requirements. Work to be undertaken to optimise the full potential of the GIAS to enhance the SIAP offer.
3	Continue to develop K10 to optimise SIAP efficiencies and effectiveness.	Peny Knowles, Deputy Head of SIAP / Keith Phillips, Assistant Head of SIAP	Apr 26	A new internal audit software solution was implemented in April 2024. Significant progress has been made to configure the system to optimise efficiencies and user experience. Work continues to enhance the software to complement the requirements of GIAS in the UK Public Sector and to streamline processes. o Touch button report (assignment, progress, action tracking, monitoring etc.) o Automated action tracking (HCC as pilot) o Performance measure reporting o AI functionality
4	Review and update the Partnership website	Neil Pitman, Head of SIAP	Apr 26	Coordinate a Task & Finish Group to review and update the SIAP website and organisational intranet sites to ensure they are reflective of existing practices and operate as an appropriate shop window for stakeholders (existing and potential).
5	Explore the opportunities presented from the use of AI in the audit process	Neil Pitman, Head of SIAP	Aug 26	The evolution of AI presents a range of opportunities to enhance and breed efficiencies into internal audit processes. In particular: o Report writing o Risk identification o Foresight o Identification of themes / trends

Update June 2025

Southern Internal Audit Partnership – Performance Measures

Performance Measure	Regularity	Target
1. **Percentage of the agreed audit plan completed (issue of draft / final report)**	Ongoing	90%
2. **Audits delivered within agreed timescales (% year to date)**		
o To issue of draft report	Ongoing	80%
o To issue of final report	Ongoing	80%
3. **Conformance with the Global Internal Audit Standards in the UK Public Sector**	Annual	Conforms
4. **Audits conducted optimising the effective use of data analytics (% year to date)**	Ongoing	60%
5. **Stakeholder satisfaction (annual survey)**		
o Audit Committee	Annual	90%
o Senior Management		90%
o Key Contacts		90%
6. **Internal audit effectively communicates with key stakeholders**		
o Audit Committee	Annual	90%
o Senior Management		90%
o Key Contacts		90%
7. **Sufficiency of input to and discussion of the internal audit plan**		
o Audit Committee	Annual	90%
o Senior Management		90%
8. **Appropriate focus on key risks**		
o Audit Committee	Annual	90%
o Senior Management		90%
o Key Contacts		90%

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REVISED INTERNAL AUDIT CHARTER 2025-2026

Head of Service:	Andrew Bircher, Assistant Director of Corporate Services
Report Author	Iona Bond, Deputy Head of Southern Internal Audit Partnership
Wards affected:	(All Wards);
Appendices (attached):	**Appendix 1** – Internal Audit Charter 2025/26 (Revised)

Summary

This report provides the Audit & Scrutiny Committee with the Internal Audit Charter 2025/26 (Revised).

Recommendation (s)

The Committee is asked to:

(1) **Approve the Internal Audit Charter 2025/26 (Revised) as set out in Appendix 1.**

1   **Reason for Recommendation**

1.1   The Committee has a responsibility to approve the Internal Audit Charter in accordance with the Global Internal Audit Standards.

2   **Background**

2.1   The mandate for internal audit in local government is specified within the Accounts and Audit [England] Regulations 2015, which states:

'A relevant authority 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.'

2.2 From 1 April 2025, the 'standards or guidance' in relation to internal audit are those laid down in the Global Internal Audit Standards (GIAS), Application Note: Global Internal Audit Standards in the UK Public Sector (Application Note) and the Code of Practice for the Governance of Internal Audit in UK Local Government. The collective requirements shall be referred to as the Global Internal Audit Standards in the UK Public Sector (the Standards).

2.3 The Standards (6.2) require all internal audit providers to implement and maintain an 'Internal Audit Charter'. The internal audit charter is defined as 'a formal document that includes the internal audit function's mandate, organisational position, reporting relationships, scope of work, types of service, and other specifications'.

2.4 The Internal Audit Charter for 2025/ 26 was originally approved by the Audit and Scrutiny Committee on 27 March 2025.

2.5 Since approval, personnel changes within the Southern Internal Audit Partnership's senior management team have led to a review of portfolio responsibilities. Consequently, a new Chief Internal Auditor has been assigned to the Council. It is important that such change is reflected in a revision to the Internal Audit Charter (Appendix 1 – page 6).

2.6 Opportunity has further been taken to update the roles and responsibilities of Senior Management and the Audit Committee to reflect the expectations of the Standards and good practice guidance in the governance of internal audit reports during the year (Appendix 1 – page 17). The changes in each case reflect the requirement to note certain internal audit reports and documentation rather than to approve:

2.7 Whilst revisions are minimal in volume it is important they are captured and accurately reflected within the Council's Internal Audit Charter.

3 Risk Assessment

Legal or other duties

3.1 Equality 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.

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**: The council is required by statute (under the Regulations 3 & 5 of the Accounts and Audit Regulations 2015 and section 151 of the Local Government Act 1972) to have an adequate and effective internal audit function. Regulation 3 of the Accounts and Audit Regulations 2015 requires the council to ensure that it has a sound system of internal control which (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives; (b) ensures that the financial and operational management of the authority is effective; and (c) includes effective arrangements for the management of risk. Regulation 5 of the Accounts and Audit Regulations 2015 requires the council to 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.

5.3   In addition, the council must each financial year conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement (Regulation 6 (1) of the Accounts and Audit Regulations 2015). SIAP are the appointed council's internal auditors. The purpose of this report is to detail the summary findings of completed audit reports and follow-up reviews since the report submitted to the last meeting of this Committee.

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.

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

6.3   **Climate & Environmental Impact of recommendations**: not applicable.

6.4 **Sustainability Policy & Community Safety Implications**: not applicable.

6.5 **Partnerships**: not applicable.

6.6 **Local Government Reorganisation Implications**: not applicable.

7 Background papers

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

Previous reports:

Audit and Scrutiny Committee (2025) *Internal Audit Plan 2025-2026 and Internal Audit Charter 2025-2026*, 27th March 2025. Online available: https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=157&MId=1523

Other papers:

- None.

Southern Internal Audit Partnership

Assurance through excellence
and innovation

EPSOM AND EWELL BOROUGH COUNCIL

Internal Audit Charter
2025/26

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1. Introduction

The Global Internal Audit Standards, issued by the Institute of Internal Auditors and effective in the UK Public Sector from April 2025, guide the worldwide professional practice of internal auditing and serve as a basis for evaluating and elevating the quality of the internal audit function.

While the Global Internal Audit Standards apply to all internal audit functions, it is acknowledged that internal auditors in the public sector work in a political environment under governance, organisational and funding structures that differ from those of the private sector.

Consequently, internal audit practitioners working in, or for, the UK public sector are required to apply the Global Internal Audit Standards subject to the interpretations and requirements of the Application Note: Global Internal Audit Standards in the UK public sector, issued by Relevant Internal Audit Standard Setters (RIASS).

In addition, relevant public sector bodies are also required to apply the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice for the Governance of Internal Audit in UK Local Government which provides a conduit for meeting the essential conditions for governance set out in the Global Internal Audit Standards, tailored for UK local government.

The collective requirements shall be referred to as the Global Internal Audit Standards in the UK Public Sector. All SIAP policies and procedures have been reviewed and updated to ensure compliance with these requirements with effect from April 2025.

The Standards require all internal audit providers to implement and maintain an 'Internal Audit Charter'.

The internal audit charter is defined as *'a formal document that includes the internal audit function's mandate, organisational position, reporting relationships, scope of work, types of service, and other specifications'*

2. Definitions

The Global Internal Audit Standards in the UK Public Sector apply the following definitions:

The Board – *'the governing body authorised to provide the internal audit function with the appropriate authority, role, and responsibilities.'* At the Council this shall mean the Audit and Scrutiny Committee.

Senior Management – *'the highest level of executive management of an organisation that is ultimately accountable to the Board for executing the organisation's strategic decisions, typically a group of persons that includes the Chief Executive Officer or Head of Organisation'*. At the Council this shall mean the Strategic Leadership Team (SLT).

3. Internal Audit Mandate

The mandate for internal audit in local government is specified within the Accounts and Audit [England] Regulations 2015, which states:

> *'5. (1) A relevant authority 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.*
>
> *(2) Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit—*
>
> > *(a) make available such documents and records; and*
> > *(b) supply such information and explanations*
>
> *as are considered necessary by those conducting the internal audit.*
>
> *(3) In this regulation "documents and records" includes information recorded in an electronic form.'*

From 1 April 2025, the *'standards or guidance'* in relation to internal audit are those laid down in the Global Internal Audit Standards in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government.

The scope of internal audit includes both assurance and advisory services covering the entire breadth of the Council, including all activities, assets, and personnel of the organisation.

Fraud investigations may also be commissioned which will be conducted by the Southern Internal Audit Partnership's Counter Fraud Unit.

4. Authority, Roles and Responsibilities

Authority

The Chief Internal Auditor is positioned at a level in the organisation that enables internal audit services and responsibilities to be performed independently of management and with objectivity, enabling escalation as appropriate.

The Chief Internal Auditor reports functionally to the Audit and Scrutiny Committee, and organisationally to the Head of Corporate Finance, who is a member of the Strategic Leadership Team and 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 Chief Executive 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. Audit and Scrutiny Committee). Private meetings, without senior management present, are also offered to the Chair of the Audit and Scrutiny Committee.

Should organisation structures change, senior management and the Audit and Scrutiny Committee will ensure that the reporting line of the Chief Internal Auditor remains with a member of the Strategic Leadership Team and retains the relevant access to Members and officers as outlined above.

It is recognised that the Chief Internal Auditor supervises assurance services related to activities that are managed by the Head of Corporate Finance to whom the Chief Internal Auditor reports administratively, however, this perceived impairment is mitigated through overview from the Head of Southern Internal Audit Partnership, and the alternative reporting lines detailed above.

Internal audit reporting protocols are in place to ensure that the scope of work and findings for all assignments are reported appropriately and that agreed management actions are approved by senior management.

Every effort will be made to resolve disagreements that may arise during the audit process. However, if, unresolved issues (such as limitations to the scope of work or failure to agree appropriate actions in response to audit findings) are considered by internal audit to fall outside of the Council's risk tolerance, these will be escalated to the relevant Head of Service in the first instance and then to the Head of Corporate Finance, Chief Executive and Audit and Scrutiny Committee as deemed necessary.

The Strategic Leadership Team and the Audit and Scrutiny Committee authorises the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information. Such access shall be granted on demand and not subject to prior notice.

- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.

- Obtain assistance from the necessary personnel of the Council and other specialised services from within or outside the Council to complete internal audit services.

Role

The role of internal audit is best summarised through its definition within the Global Internal Audit Standards in the UK Public Sector, as:

'An independent, objective assurance and advisory service designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.'

Purpose

Internal audit strengthens the Council's ability to create, protect, and sustain value by providing the Audit and Scrutiny Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

Internal audit enhances the Council's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Internal audit is most effective when:

- It is performed by competent professionals in conformance with the Global Internal Audit Standards in the UK Public Sector, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the board.
- Internal auditors are free from undue influence and committed to making objective assessments

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.

Responsibility

The responsibility for maintaining an adequate and effective system of internal audit within the Council lies with the Head of Corporate Finance, as the authority's Chief Finance Officer (S151 Officer).

For the Council, internal audit is provided by the Southern Internal Audit Partnership. The Chief Internal Auditor (Iona Bond, Deputy Head of Southern Internal Audit Partnership) is responsible for effectively managing the internal audit activity in accordance with the Global Internal Audit Standards in the UK Public Sector.

The Chief Internal Auditor

Has the responsibility to:

- At least annually, develop a risk-based internal audit plan engaging with the Audit and Scrutiny Committee and Strategic Leadership Team. Discuss the plan with the Audit and Scrutiny Committee and Strategic Leadership Team and submit the plan to the Audit and Scrutiny Committee for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the Audit and Scrutiny Committee and Strategic Leadership Team.
- Review and adjust the internal audit plan, as necessary, in response to changes in the Council's business, risks, operations, programs, systems, and controls.

- Communicate with the Audit and Scrutiny Committee and Strategic Leadership Team if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards in the UK Public Sector (and relevant laws and/or regulations).
- Follow up on engagement findings and confirm the implementation of management actions or action plans and communicate the results of internal audit services to the Audit and Scrutiny Committee and Strategic Leadership Team periodically and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards in the UK Public Sector and fulfil the internal audit mandate.
- Identify and consider trends and emerging issues that could impact the County Council and communicate to the Audit and Scrutiny Committee and Strategic Leadership Team as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure awareness of the Council's relevant policies and procedures, however should such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards in the UK Public Sector, such conflicts will be resolved or documented and communicated to the Audit and Scrutiny Committee and Strategic Leadership Team.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services.
- Deliver an annual conclusion that can be used by the Council to inform its annual governance statement. The annual conclusion will conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. Discuss the annual conclusion with the Audit and Scrutiny Committee and Strategic Leadership Team and submit the annual conclusion to the Audit and Scrutiny Committee for review and approval.

The Chief Internal Auditor will liaise with the external auditors on matters of mutual interest and to seek opportunities for cooperation in the conduct of audit work. The external auditors will have the opportunity to rely on the work of internal audit where appropriate.

A range of internal audit services are provided (Annex 1) in the delivery of the audit plan and to form the annual conclusion. 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.

Fraud and Irregularity

Internal audit will plan and evaluate their work to have a reasonable expectation of detecting fraud and identifying any significant weaknesses in internal controls.

Management is required to report all suspicions of theft, fraud and irregularity to the Chief Internal Auditor so that they can consider the adequacy of relevant controls, evaluate the implication of the fraud on the risk, control and governance processes and consider making recommendations as appropriate.

Internal audit will not carry out investigations unless commissioned to do so and where this is the case, the Chief Internal Auditor will ensure that investigators are appropriately trained in carrying out their responsibilities.

Where there is evidence that Council staff are committing fraud, internal audit will liaise with the Governance, People and Performance Department and the Department concerned.

Internal audit will consider assurance over the Council's Anti-Fraud and Corruption Strategy and framework as part of the internal audit planning process.

5. Internal Audit Resources

The Chief Internal Auditor is professionally qualified (CMIIA, CCAB or equivalent), maintains a comprehensive understanding of the Global Internal Audit Standards in the UK Public Sector, has wide internal audit and management experience, reflecting the responsibilities that arise from the need to build and manage an effective internal audit function (incl. recruitment, training and development), liaises internally and externally with Members, senior management and other professionals, and demonstrates sound sector knowledge & experience.

The Assistant Director (Corporate Services) and the Director of Corporate Services and Chief Finance Officer (S151) will provide the Chief Internal Auditor with the resources necessary to fulfil the Council's requirements and expectations to fulfil the audit mandate and delivery of the internal audit strategy.

The Head of the Southern Internal Audit Partnership has a resource strategy in place to optimise internal audit resources. Ongoing sufficiency of resources (financial, human and technological) will be transparently communicated by the Chief Internal Auditor to the Strategic Leadership Team and the Audit and Scrutiny Committee through regular reporting as part of the approval of the internal audit plan and further throughout the year as part of the progress reports and ultimately within the annual conclusion.

Any resource implications that put the fulfilment of the internal audit mandate at risk will be reported accordingly through the afore mentioned reports.

Financial Resource

The Head of Southern Internal Audit Partnership will manage the internal audit budget to enable the successful implementation of the internal audit strategy and achievement of the plan. The budget includes the resources necessary for the function's operation, including training and relevant technologies and tools.

The Head of the Southern Internal Audit Partnership will manage the day-to-day activities of the internal audit function effectively and efficiently, in alignment with the budget.

Human Resource

The Head of Southern Internal Audit Partnership will ensure that the internal audit service has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver the internal audit strategy and operational risk-based audit plan.

The Chief Internal Auditor continually evaluates the competencies of individual internal auditors (regular one-to-ones, performance management and quality review processes), and encourages professional development.

The annual operational risk-based 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.

The Strategic Leadership Team and the Audit and Scrutiny Committee 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.

Significant matters that jeopardise the delivery of the plan or require changes to the plan will be identified, addressed and reported to Strategic Leadership Team and the Audit and Scrutiny Committee.

If the Chief Internal Auditor, Strategic Leadership Team or the Audit and Scrutiny Committee 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 Global Internal Audit Standards in the UK Public Sector is prejudiced, they will advise the Head of Corporate Finance accordingly.

Technological Resource

The Head of the Southern Internal Audit Partnership will ensure the internal audit function has technology to support the internal audit process and regularly evaluate the technology used to pursue opportunities to improve effectiveness and efficiency.

The implementation of new technologies is supported through effective and timely training for internal audit staff.

The impact of any technology limitations on the effective and efficient delivery of internal audit services will be communicated to Strategic Leadership Team and the Audit and Scrutiny Committee.

6. Ethics and Professionalism

The Chief Internal Auditor will ensure that internal auditors:

- Conform with the Global Internal Audit Standards in the UK Public Sector, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the Council and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the Council.
- Report organisational behaviour that is inconsistent with the Council's ethical expectations, as described in applicable policies and procedures.
- Apply the Seven Principles of Public Life alongside existing ethical frameworks.

7. Independence and objectivity

The Chief Internal Auditor retains no roles or responsibilities that have the potential to impair the internal audit functions independence, either in fact or appearance.

Should such circumstance arise, the Chief Internal Auditor will advise the Audit and Scrutiny Committee of the safeguards put in place to manage actual, potential or perceived impairments.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review.

Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- assessing specific operations for which they had responsibility within the previous year.
- performing operational duties for the Council or its affiliates.
- initiating or approving transactions external to the internal audit function.
- directing the activities of any Council employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit team or to assist internal auditors.

Internal auditors will:

- disclose impairments of independence or objectivity, in fact or appearance, to the Chief Internal Auditor.
- exhibit professional objectivity in gathering, evaluating, and communicating information.
- make balanced assessments of all available and relevant facts and circumstances.
- take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Induction and refresher training combined with internal audit procedures and guidance provide a systematic and disciplined approach for gathering and evaluating information to provide a balanced assessment of the activity under review.

The Chief Internal Auditor will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication.

If the Chief Internal Auditor determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

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

- operates in a framework that allows unrestricted access to Strategic Leadership Team and the Audit and Scrutiny Committee.
- reports functionally to Audit and Scrutiny Committee.

- reports in their own name.
- rotates responsibilities for audit assignments within the internal audit team.
- completes individual declarations confirming compliance with rules on independence, objectivity, conflicts of interest and acceptance of inducements, and
- ensures the planning process recognises, records and addresses potential conflicts of interest.

A register of potential conflicts of interest will be maintained with each case assessed and outcomes documented. If, despite this, independence or objectivity is impaired in fact or appearance, the details of the impairment will be disclosed to Strategic Leadership Team and the Audit and Scrutiny Committee. The nature of the disclosure will depend upon the impairment.

The Strategic Leadership Team will ensure that independence is safeguarded through ensuring internal audit's access to staff and records, as set out in regulations and the charter, operates freely and without any interference and where there are actual or potential impairments to the independence of internal audit, the Strategic Leadership Team will work with the Chief Internal Auditor to remove or minimise them or ensure safeguards are operating effectively.

The Audit and Scrutiny Committee will support internal audit's independence by reviewing the effectiveness of safeguards at least annually, including any issues or concerns about independence raised by the Chief Internal Auditor.

The Chief Internal Auditor will confirm to the Audit and Scrutiny Committee, at least annually, the organisational independence of the internal audit function. The Chief Internal Auditor will disclose to the Audit and Scrutiny Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfil its mandate

Matters around the appointment, removal, remuneration and performance evaluation of the Chief Internal Auditor will be undertaken by the Head of the Southern Internal Audit Partnership.

The Audit and Scrutiny Committee should provide feedback on the performance evaluation of the Chief Internal Auditor. This will be achieved through an annual survey sent to all Audit and Scrutiny Committee members.

8. 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 Global Internal Audit Standards in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government 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 to the Chief Internal Auditor in accordance with the Council's laid down procedures.

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 during internal audit work will not be used to effect personal gain.

9. Communication, Reporting and Oversight

Internal Audit Strategy

The Head of the Southern Internal Audit Partnership will develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the Council and aligns with the expectations of the Audit and Scrutiny Committee, Strategic Leadership Team and other key stakeholders.

The internal audit strategy is a plan of action designed to achieve the audit function's long-term objective(s). The internal audit strategy includes a vision, strategic objectives, and supporting initiatives for the internal audit function to help fulfil the internal audit mandate.

Internal Audit Charter

The internal audit charter defines the internal audit function's mandate, organisational position, reporting relationships, scope of work, types of service, and other specifications relevant to its effective operation.

Audit Plan

The Chief Internal Auditor will develop an internal audit plan that supports the achievement of the Council's objectives.

The plan will be based on a documented assessment of the Council's strategies, objectives, and risks. Such assessment will be informed by engagement with the Audit and Scrutiny Committee, and Strategic Leadership Team as well as the Chief Internal Auditors understanding of the organisation's governance, risk and control processes.

The plan will be regularly reviewed with significant changes discussed and approved with the Strategic Leadership Team and the Audit and Scrutiny Committee in a timely manner.

Audit Assignments

Internal auditors will communicate with management at the commencement of each review to ensure that the scope and timing of the work is understood and agreed, and this will be documented in a Terms of Reference. Internal audit contacts agreed as part of this process will be expected to be available for discussions and to provide the information required to complete the assignment in line with the timelines agreed. Regular communication throughout the review will ensure timely awareness of any issues arising and a close of audit meeting will also be held to summarise and confirm findings.

The results of all planned audit assignments will be summarised in a formal report, including:

- the purpose and scope of the reviews
- the assurance opinion
- an executive summary
- action plans outlining issues arising and actions proposed by management to address them (including consideration of root cause and identification of key themes).

The reports will be distributed and agreed in line with established reporting protocols for the Council.

Progress Reports

Throughout the year the Chief Internal Auditor will maintain regular communications with the Strategic Leadership Team and the Audit and Scrutiny Committee on internal audit performance and other matters such as:

- revisions to the plan.

- any impairments to independence.

- significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for management that could interfere with the achievement of Council's strategic objective.

- results of assurance and advisory services.

- management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the Council's risk appetite.

- performance measures, including ongoing conformance with the Global Internal Audit Standards in the UK Public Sector.

- evaluation of resourcing to meet the requirements of the internal audit mandate / plan.

Annual Conclusion

The Chief Internal Auditor shall deliver an annual conclusion that can be used by the Council to inform its annual governance statement.

The annual conclusion will conclude on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

The annual conclusion will incorporate as a minimum:

- the opinion.

- a summary of the work that supports the opinion.

- a statement on conformance with Global Internal Audit Standards in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government.

- results of the quality assurance and improvement programme.

Quality assurance and Improvement Programme

The Head of the Southern Internal Audit Partnership maintains a quality assurance and improvement programme that covers all aspects of the internal audit function. The programme includes:

External Quality Assessments – to be performed at least once every five years by a qualified independent assessor or assessment team (with appropriate characteristics and sector knowledge). The requirement for an external quality assessment may also be met through a self-assessment with independent validation.

The decision on the appointment of the external assessor and format of the external quality assessment will be communicated to the Council's Strategic Leadership Team and Audit and Scrutiny Committee.

Internal Quality Assessments – self-assessments to be performed annually to review internal audits conformance with the Global Internal Audit Standards in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government along with progress towards performance objectives.

The Chief Internal Auditor will communicate annually the results of the internal quality assessment to Strategic Leadership Team and the Audit and Scrutiny Committee. The results of external quality assessments will be reported when completed.

In both cases communications will include:

- The internal audit function's conformance with Global Internal Audit Standards in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government and achievement of performance objectives.

- Compliance with laws and regulations relevant to internal auditing.

- If applicable, plans to address the internal audit function's deficiencies and opportunities for improvement.

In addition, an annual satisfaction survey will be conducted with key stakeholders to assess the value of the service and to seek suggestions for improvement.

The results of the survey, annual self-assessment, and external assessment will be shared with the Strategic Leadership Team and the Audit and Scrutiny Committee, together with plans to address any issues arising.

Strategic Leadership Team

As those responsible for the leadership and direction of the Council it is imperative that the Strategic Leadership Team are engaged in:

- input, review, and note the internal audit mandate and charter (minimum annually).
- input, review, and note the internal audit strategy.
- input, and note the risk based internal audit plan (making appropriate enquiries of the Chief Internal Auditor to determine inappropriate scope and resource limitations).

- receiving regular progress reports from the Chief Internal Auditor on the outcomes and internal audits performance relative to its plan.

- review and <mark>note</mark> the Chief Internal Auditors annual conclusion.

- review of the quality assurance and improvement programme, engaging with, and receiving the results of internal and external assessments, including areas of non-conformance.

The Audit and Scrutiny Committee

As those responsible for the governance of the Council it is imperative that the Audit and Scrutiny Committee are engaged in:

- input, review and approval of the internal audit mandate and charter (minimum annually).

- input, review, and <mark>note</mark> the internal audit strategy.

- input, and approval of the risk based internal audit plan (making appropriate enquiries of management and Chief Internal Auditor to determine inappropriate scope and resource limitations).

- receiving regular progress reports from the Chief Internal Auditor on the outcomes and internal audits performance relative to its plan.

- <mark>Consider</mark> the Chief Internal Auditors annual conclusion.

- review of the quality assurance and improvement programme, engaging, with, and receiving the results of internal and external assessments, including areas of non-conformance.

- participation in discussions with the Chief Internal Auditor and senior management about the "essential conditions," described in the Global Internal Audit Standards in the UK Public Sector.

- overview of significant advisory services not already included in the audit plan, prior to acceptance of the engagement.

10. Review of the internal audit mandate and charter

This mandate and charter will be reviewed annually (minimum) by the Chief Internal Auditor and reported to Strategic Leadership Team and the Audit and Scrutiny Committee for approval to ensure that any changes to the Global Internal Audit Standards in the UK Public Sector, reorganisation within the organisation or other significant changes affecting the nature and scope of internal audit services are considered.

Assurance Services

o **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.

o **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.

o **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.

o **Advisory 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.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

o **Data analytics:** is a process of assessing data to find trends, patterns or other insights. Internal auditors use data analytics to find and define risks, errors, and anomalies that could reveal deeper problems. The extended use of data analytics helps provide greater levels of assurance through analysis of a total population rather than traditional sampling methodologies.

o **IT audit**: a specialist IT audit team are in place that are experienced in covering all aspects of established and emerging technologies. With IT underpinning a vast majority of how we function assurance in this area is crucial. To be able to provide a fully qualified team of IT audit specialists is a fundamental component of the audit offering.

o **Fraud and irregularity investigations**: Internal audit may 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 County Council's Anti-Fraud and Anti-Corruption Strategy.

o **Value For Money:** is implicit in the vast majority of our internal audit work, however, value for money work can also be conducted through review of the optimal use of resources to achieve an intended outcome, and can be summarised as:

- **Economy** – minimising the cost of resources used or required (inputs) – spending less
- **Efficiency** – the relationship between the output from goods or services and the resources to produce them – spending well
- **Effectiveness** – the relationship between the intended and actual results of public spending (outcomes) – spending wisely

o **Third party assurance:** the availability of objective assurance from other assurance providers will be considered in determining audit needs. Where internal audit needs to work with the internal auditors of other organisations, a practice which is expanding with the development of more organisational strategic partnerships, the roles and responsibilities of each party, as well as billing arrangements, will be clearly defined, agreed and documented prior to the commencement of work. Internal audit will also ensure awareness of and seek to place reliance on the work of other independent review bodies.

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INTERNAL AUDIT STRATEGY

Head of Service:	Andrew Bircher, Assistant Director of Corporate Services
Report Author	Iona Bond, Deputy Head of Southern Internal Audit Partnership
Wards affected:	(All Wards);
Appendices (attached):	**Appendix 1 –** Internal Audit Strategy 2025-28
	Appendix 2 – Questionnaire Feedback

Summary

The purpose of this report is to provide the Audit and Scrutiny Committee with the Internal Audit Strategy 2025–2028.

Recommendation (s)

The Committee is asked to:

(1) Note the Internal Audit Strategy 2025-2208.

1   Reason for Recommendation

1.1   In accordance with the Global Internal Audit Standards in the UK Public Sector the Chief Internal Auditor is required to create and develop an Audit Strategy.

2   Background

2.1   The mandate for internal audit in local government is specified within the Accounts and Audit [England] Regulations 2015, which states:

'A relevant authority 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.'

2.2   From 1 April 2025, the 'standards or guidance' in relation to internal audit are those laid down in the Global Internal Audit Standards (GIAS), Application Note: Global Internal Audit Standards in the UK Public Sector (Application Note) and the Code of Practice for the Governance of Internal Audit in UK Local Government. The collective requirements are referred to as the Global Internal Audit Standards in the UK Public Sector (the Standards).

2.3   The Standards (9.2) require all internal audit providers to develop and maintain an 'Internal Audit Strategy'. The internal audit strategy is defined as 'a plan of action designed to achieve a long-term or overall objective. The internal audit strategy must include a vision, strategic objectives, and supporting initiatives for the internal audit function. An internal audit strategy helps guide the internal audit function towards the fulfilment of the internal audit mandate'.

Developing the Internal Audit Strategy

2.4   Engagement with the Audit Committee and senior management has been imperative in developing the internal audit strategy, to ensure the Southern Internal Audit Partnership's strategic objectives align with stakeholder expectations.

2.5   It is not practical for the Southern Internal Audit Partnership to maintain more than 30 separate and potentially competing internal audit strategies specific to each of our partners. Consequently, in considering potential objectives, the Southern Internal Audit Partnership undertook a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis to focus on potential areas for development to further enhance our internal audit offering and to remain sustainable, innovative and future focused. The outcome of our analysis assisted in forming seven potential objectives for inclusion in the internal audit strategy.

2.6   A survey was then issued to all Audit Committee members (or equivalent) and senior officers across the wider Partnership to seek their views and prioritisation of the seven objectives to optimise internal audit provision over the medium term (3 to 5 years).

2.7   Feedback from the survey (Appendix 2) was analysed with the top three objectives forming the basis of the internal audit strategy.

Internal Audit Strategy 2025-28

2.8   The internal audit strategy is presented to the Audit Committee for review and noting. The strategy will be periodically reviewed with ongoing updates to the Audit Committee on the achievement and delivery of objectives as part of our regular progress reports.

3   Risk Assessment

Legal or other duties

3.1   Equality 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.

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**: The council is required by statute (under the Regulations 3 & 5 of the Accounts and Audit Regulations 2015 and section 151 of the Local Government Act 1972) to have an adequate and effective internal audit function. Regulation 3 of the Accounts and Audit Regulations 2015 requires the council to ensure that it has a sound system of internal control which (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives; (b) ensures that the financial and operational management of the authority is effective; and (c) includes effective arrangements for the management of risk. Regulation 5 of the Accounts and Audit Regulations 2015 requires the council to 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.

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.

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

6.3 **Climate & Environmental Impact of recommendations**: not applicable.

6.4 **Sustainability Policy & Community Safety Implications**: not applicable.

6.5 **Partnerships**: not applicable.

6.6 **Local Government Reorganisation Implications**: not applicable.

7 **Background papers**

7.1 None.

**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

SOUTHERN INTERNAL AUDIT PARTNERSHIP

Internal Audit Strategy
2025 - 28

Prepared By: Neil Pitman, Head of Southern Internal Audit Partnership

April 2025

1. Introduction

The Global Internal Audit Standards in the UK Public Sector [Standard 9.2] requires the internal audit function to develop and maintain an internal audit strategy. This is contextualised within the Standards as:

'a plan of action designed to achieve a long-term or overall objective. The internal audit strategy must include a vision, strategic objectives, and supporting initiatives for the internal audit function. An internal audit strategy helps guide the internal audit function toward the fulfilment of the internal audit mandate.'

The Strategy aims to support the achievement of the organisations corporate priorities and align with the expectations of its key stakeholders.

2. Internal Audit Purpose and Role

Internal audit strengthens the organisation's ability to create, protect, and sustain value by providing independent, risk-based, and objective assurance, advice, insight, and foresight.

The role of internal audit is best summarised through its definition within the Global Internal Audit Standards in the UK Public Sector, as:

'an independent, objective assurance and advisory service designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.'

3. Vision

Our vision reflects the Southern Internal Audit Partnership's aspiration to deliver a quality internal audit service to our stakeholders and inspire our auditors and the service(s) we deliver to continuously improve.

'A collaborative Partnership delivering an innovative, customer focused, and value adding audit and advisory service aligned to organisational objectives and improved outcomes.'

4. Strategic objectives and supporting initiatives

Our vision will be realised through delivery of key objectives that will help shape service provision and futureproof the Southern Internal Audit Partnership through continued learning & development.

Following a process of engagement with the Partnership's key stakeholders, three objectives have been prioritised to help attain our vision over the medium-term (2025 - 2028).

These objectives are underpinned by a suite of supporting initiatives outlining the key steps to drive delivery.

The supporting initiatives provide opportunity for our auditors to develop their competencies, enhance the optimisation of technology, and provide continuous improvement to the Southern Internal Audit Partnerships internal audit offering.

They are premised on **engaging** with all appropriate stakeholders, **equipping** them to facilitate delivery, **empowering** them to deliver required outcomes, and **embedding** good practice into the fabric of the Partnership and the wider organisation.

Strategic Objective 1 – Agile Auditing: *Innovate to explore a more agile approach to the audit process, building efficiencies and producing more timely feedback to the organisation.*

Supporting Initiatives:

- **Engage** with internal audit staff and the organisation to understand expectations and importance of timely audit feedback & reporting.

- **Equip** internal auditors to deliver high quality internal audit services through a lean, efficient and effective operating model.

- **Empower** internal auditors to operate in an agile manner.

- **Embed** behaviours that support an agile methodology.

Strategic Objective 2 – Optimisation of Standards: *Embrace and prioritise conformance and embedding of the Global Internal Audit Standards in the UK Public Sector and maximising their potential to benefit the organisation and the internal audit function.*

Supporting Initiatives:

- **Engage** internal audit staff and key stakeholders to ensure a full knowledge and understanding of the GIAS in the UK Public Sector.

- **Equip** internal audit staff and key stakeholders with the tools and information to discharge their respective responsibilities within the GIAS in the UK Public Sector.

- **Empower** internal audit staff and key stakeholders to act on their respective responsibilities and accountabilities within the GIAS in the UK Public Sector.

- **Embed** the mandatory requirement of the GIAS in the UK Public Sector into all relevant policy, process and procedure.

Strategic Objective 3 – Data Analytics by Default: **Further engage with the organisation to enhance and optimise the full potential of data analytics in the internal audit process.**

Supporting Initiatives:

- **Engage** with internal audit staff and the organisation's management to relay the benefits offered through use of data analytics.

- **Equip** auditors to undertake data analytics with the appropriate technology and support.

- **Empower** internal auditors to use data analytics through dedicated training and support.

- **Embed** data analytics into the fabric of the Partnership, championed from the top and provide a clear articulation of intent.

5. Review

The internal audit strategy will be periodically reviewed and as a minimum in response to significant organisational change, including but not limited to corporate objectives, key stakeholders, Chief Internal Auditor, or resultant of the outcomes of internal or external quality assessments.

Strategy Overview

Vision: 'A collaborative Partnership delivering an innovative, customer focused, and value adding audit and advisory service aligned to organisational objectives and improved outcomes.'

Strategic Objective	Supporting Initiative	Action(s)	Priority	Implementation Date
1. Innovate to explore a more agile approach to the audit process, building efficiencies and producing more timely feedback to the organisation.	**Engage** with internal audit staff and the organisation to understand expectations and importance of timely audit feedback & reporting. **Equip** internal auditors to deliver high quality internal audit services through a lean, efficient and effective operating model. **Empower** internal auditors to operate in an agile manner. **Embed** behaviours that support an agile methodology.	• Confirm expectations of Partners regarding desired reporting timelines and methodology. • Complete a detailed analysis of bottle necks in SIAP and external to the internal audit function. • Benchmark with peer audit services and explore opportunities to make the process 'leaner' through auditor working group. • Optimise the use of technology (including audit management software) to deliver efficiencies.	HIGH HIGH MEDIUM HIGH	December 2025 April 2026 December 2026 December 2027
2. Embrace and prioritise conformance and embedding of the Global Internal Audit Standards in UK Local Government and maximising their potential to benefit the organisation and the internal audit function.	**Engage** internal audit staff and key stakeholders in a full knowledge and understanding of the GIAS in UK PS. **Equip** internal audit staff and key stakeholders with the tools to discharge their respective responsibilities within the GIAS in UK PS. **Empower** internal audit staff and key stakeholders to act on their respective responsibilities and accountabilities within the GIAS in UK PS. **Embed** the mandatory requirement of the GIAS in UK PS into all relevant policy, process and procedure.	• Stakeholder, staff training & awareness and alignment of policies, procedures, practice and software to the GIAS in UK PS. • Undertake a self-assessment of compliance with the GIAS in the UK PS • Commission an early External Quality Assessment to assess compliance with the GIAS in UK PS. • Explore supplemental elements of the GIAS in UK PS Standards to fully assess value add.	HIGH HIGH HIGH MEDIUM	July 2025 July 2025 December 2025 April 2026
3. Further engage with the organisation to enhance and optimise the full potential of data analytics in the internal audit process	**Engage** with internal audit staff and the organisation to relay the benefits offered through the use of data analytics **Empower** internal auditors to use data analytics through dedicated training and support **Equip** internal auditors to undertake data analytics with the right tools and support **Embed** data analytics into the fabric of the Partnership, championed from the top and provide a clear articulation of intent.	• Implement a programme of training and awareness. Additional support through Data Analytic Champions • Acquire software to support the effective use of data analytics. • Refresh the existing data analytics strategy and promote a culture of data by default. • Be assessed as 'data analytics enabled'.	HIGH HIGH HIGH MEDIUM	July 2025 September 2025 April 2026 April 2028

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Rank	Objective	Prioritisation		Respondents' choice						
		First choice ●●●●●●● Last choice		1st	2nd	3rd	4th	5th	6th	7th
1	Embrace and prioritise conformance and embedding of the Global Internal Audit Standards in the UK Local Government and maximising their potential to benefit the organisation and the internal audit function.			30	8	8	8	7	9	6
2	Innovate to explore a more agile approach to the audit process, building efficiencies and producing more timely feedback to the organisation.			14	19	14	11	14	3	1
3	Further engage with the organisation to enhance and optimise the full potential of data analytics in the internal audit process.			5	16	21	16	13	5	-
4	To bridge the nationally recognised talent gap in the internal audit profession through effective recruitment, retention and development of a workforce strategy.			11	13	6	7	12	12	15
5	Increase communication and awareness of internal audit within the organisation and the services it offers including the enhancement of a web presence on both internet and intranet platforms.			9	10	9	12	9	13	14
6	Optimise the use of internal audit software to further automate the internal audit process creating efficiencies and the real time management information available to stakeholders.			6	5	14	13	8	21	9
7	Optimise the potential of Artificial Intelligence in the delivery of the internal audit service to maximise efficiency, capacity and capability.			1	5	4	9	13	13	31

Our survey received 76 responses from a total of 343 recipients (22% response rate)

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Audit and Scrutiny Committee
30 September 2025

Agenda Item 13

INTERNAL AUDIT PLAN 2025/26 (Q3/4)

Head of Service: Andrew Bircher - Assistant Director, Corporate
                             Services

Report Author: Iona Bond, Deputy Head of Southern Internal
                             Audit Partnership

Wards affected: All Wards

Appendices (attached):   **Appendix 1** – Internal Audit Plan 2025-26 (Q3/4)

Summary

This report provides the Audit & Scrutiny Committee with the Internal Audit Plan for 2025-26 (Q3/4).

Recommendation (s)

The Committee is asked to:

(1)   **To provide input to and approve the Internal Audit Plan 2025-26 (Q3/4) as set out in Appendix 1.**

1   Reason for Recommendation

1.1   In accordance with constitutional requirements the Audit & Scrutiny Committee oversees internal audit activity helping to ensure efficient and effective independent assurance arrangements are in place. The approval of the Internal Audit Charter and Internal Audit Plan is integral to this.

2   Background

2.1   The mandate for internal audit in local government is specified within the Accounts and Audit [England] Regulations 2015, which states:

'A relevant authority 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.

2.2 From 1 April 2025, the 'standards or guidance' in relation to internal audit are those laid down in the Global Internal Audit Standards (GIAS), Application Note: Global Internal Audit Standards in the UK Public Sector (Application Note) and the Code of Practice for the Governance of Internal Audit in UK Local Government. The collective requirements shall be referred to as the Global Internal Audit Standards in the UK Public Sector (the Standards).

2.3 The Southern Internal Audit Partnership have made all necessary adaptions to its processes, procedures and practices to ensure it is best placed to conform with these requirements with effect from 1 April 2025.

2.4 The Standards (6.2) require all internal audit providers to implement and maintain an 'Internal Audit Charter'. The internal audit charter is defined as 'a formal document that includes the internal audit function's mandate, organisational position, reporting relationships, scope of work, types of service, and other specifications'.

2.5 Standard 11.3 (Communicating Results) references the possibility that a Chief Internal Auditor may be required to make a conclusion at the level of the organisation about the effectiveness of governance, risk management and/or control. Section 10B of the Application Note makes it a mandatory requirement in the UK public sector, for the Chief Internal Auditor to prepare such an overall conclusion at least annually in support of wider governance reporting. This overall conclusion must encompass governance, risk management and control. The requirement for an overall conclusion must also inform planning carried out under GIAS Standard 9.4 (Internal Audit Plan).

2.6 In accordance with the Standards (9.4) there is a requirement that internal audit must create a risk-based internal audit plan that supports the achievement of the organisation's objectives. The internal audit plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to fulfil the audit mandate and delivery of the internal audit strategy.

2.7 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

- Risks to the achievement of the Council's objectives are identified, assessed and managed to a defined acceptable level.

3   Internal Audit Risk-Based Plan 2025-26 (Q3/4)

3.1   To ensure internal audit focus remains timely and relevant, the Southern Internal Audit Partnership has moved to a six monthly planning process for the Council. All auditable areas of review remain subject to ongoing assessment and discussion with management and Audit & Scrutiny Committee.

3.2   The proposed risk based internal audit plan for 2025-26 (Q3/4) is attached at Appendix 1 and has been developed at a strategic level providing a value adding, and proportionate level of assurance aligned to the Council's strategic outcomes. It is based on a range of inputs including review of the Council's strategic risk register, sector knowledge and discussions with senior management.

3.3   Internal audit focus should be proportionate and appropriately aligned, and as such, only high and medium priority reviews identified during the planning process are incorporated within the Internal Audit Plan. The exception to this is where 'mandatory' audits (for example to certify the accuracy of grant claims to meet funding requirements) or specific management requests have been raised and sufficient capacity is available.

3.4   The audit plan will remain fluid to ensure internal audit's ability to react to the changing needs of the Council.   As detailed within SIAPs Horizon Scan, one such area that provides volatility to the public sector landscape is the new legislation associated with Local Government Reorganisation (LGR) and Devolution. SIAP will follow developments closely and through discussions in our regular meetings with management we will provide support and identify where the plan needs to be adjusted to include any new and emerging risks. It should be recognised that any additions to the plan must be able to clearly demonstrate a contribution to the audit conclusion on risk management, control and governance.

3.5   Any changes to the plan (including advisory assignments) will be transparently reported to the Strategic Leadership Team and the Audit & Scrutiny Committee during the course of the year for approval as part of our regular Progress Reports.

3.6   The Internal Audit Charter ensures the Chief Internal Auditor has sufficient resource necessary to fulfil the requirements and expectations to deliver an internal audit conclusion.

3.7   Significant matters that jeopardise the delivery of the plan, or require changes to the plan will be identified, addressed and reported to the Audit & Scrutiny Committee, through regular progress reports.

3.8   The endorsement and sponsorship of the plan at member / Strategic
       Leadership Team level will assist in providing the engagement and buy-in
       of staff at an operational level to ensure the outcome of audit reviews are
       optimised.

4   Risk Assessment

Legal or other duties

4.1   Equality Impact Assessment

       4.1.1 None for the purposes of this report.

4.2   Crime & Disorder

       4.2.1 None for the purposes of this report.

4.3   Safeguarding

       4.3.1 None for the purposes of this report.

4.4   Dependencies

       5.4.1 None

4.5   Other

       4.5.1 None for the purposes of this report.

5   Financial Implications

5.1   There are no financial implications in this report.

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

6   Legal Implications

6.1   There are no legal implications arising from this report.

6.2   **Legal Officer's comments**: The council is required by statute (under the Regulations 3 & 5 of the Accounts and Audit Regulations 2015 and section 151 of the Local Government Act 1972) to have an adequate and effective internal audit function. Regulation 3 of the Accounts and Audit Regulations 2015 requires the council to ensure that it has a sound system of internal control which (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives; (b) ensures that the financial and operational management of the authority is effective; and (c) includes effective arrangements for the management of risk. Regulation 5 of the Accounts and Audit Regulations 2015 requires the council to 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.

7   Policies, Plans & Partnerships

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

7.1.1 Effective Council: Engaging, responsive and resilient Council.

7.2   **Service Plans**:

7.2.1 The matter is not included within the current Service Delivery Plan.

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

7.3.1 No relevance for the purpose of this report.

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

7.4.1 No relevance for the purpose of this report.

7.5   **Partnerships**:

7.5.1 The council's arrangements with partners, such as shared services, are considered within the remit of Internal Audit.

8   Background papers

Previous reports:

8.1.1 Audit and Scrutiny Committee (2025) *Internal Audit Plan 2025-2026 (Q1/2) and Internal Audit Charter 2025-2026*, 27th March 2025. Online available: https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=157&MId=1523

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Southern Internal
Audit Partnership

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EPSOM & EWELL BOROUGH COUNCIL
INTERNAL AUDIT PLAN 2025/26 (Q3/4)

Prepared by: **Iona Bond, Deputy Head of Southern Internal Audit Partnership**

August 2025

Introduction

The mandate for internal audit in local government is specified within the Accounts and Audit [England] Regulations 2015, which states:

'5. (1) A relevant authority 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 scope of internal audit includes both assurance and advisory services covering the entire breadth of the Council, including all activities, assets, and personnel of the organisation.

The role of internal audit is that of an:

'Independent, objective assurance and advisory service designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control 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, the Strategic Leadership Team and the Audit and Scrutiny Committee, in relation to the business activities; systems and processes under review that:

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

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Conformance with internal auditing standards

From 1 April 2025, the 'standards or guidance' in relation to internal audit are those laid down in the Global Internal Audit Standards, Application Note: Global Internal Audit Standards in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government. The collective requirements shall be referred to as the Global Internal Audit Standards in the UK Public Sector.

The Southern Internal Audit Partnership have made all necessary adaptions to its processes, procedures and practices to ensure it is best placed to conform with these requirements with effect from 1 April 2025.

Prior to 1 April 2025 conformance was required to the Public Sector Internal Audit Standards (PSIAS). Under the PSIAS there was 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.

In considering all sources of evidence the external assessment team 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.'

Despite the change in the Standards any external quality assessment undertaken under the Public Sector Internal Audit Standards remains valid for the duration of the successive five years (from the date it was undertaken). The Southern Internal Audit Partnership will be commissioning an external quality assessment against the Global Internal Audit Standards in the UK Public Sector during 2025.

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Developing the internal audit plan 2025/26 (Q3/4)

In accordance with the Global Internal Audit Standards in the UK Public Sector there is a requirement that internal audit must create a risk-based internal audit plan that supports the achievement of the organisation's objectives. The internal audit plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to fulfil the audit mandate and delivery of the internal audit strategy.

The risk-based internal audit plan is prepared based on a range of inputs (see diagram).

Audit planning is a perpetual process throughout the course of the year to ensure we are able to react to new and emerging risks and the changing needs of the organisation.

To ensure internal audit focus remains timely and relevant, the Southern Internal Audit Partnership has moved to a six monthly planning process. All auditable areas of review remain subject to ongoing assessment and discussion with management and the Audit and Scrutiny Committee.

Based on conversations with key stakeholders, review of risk registers, key corporate documents, our horizon scanning analysis (Annexe 1) and our understanding of the organisation, we have developed a plan of proposed internal audit coverage during quarters 3 and 4.

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.

Audit Planning Framework
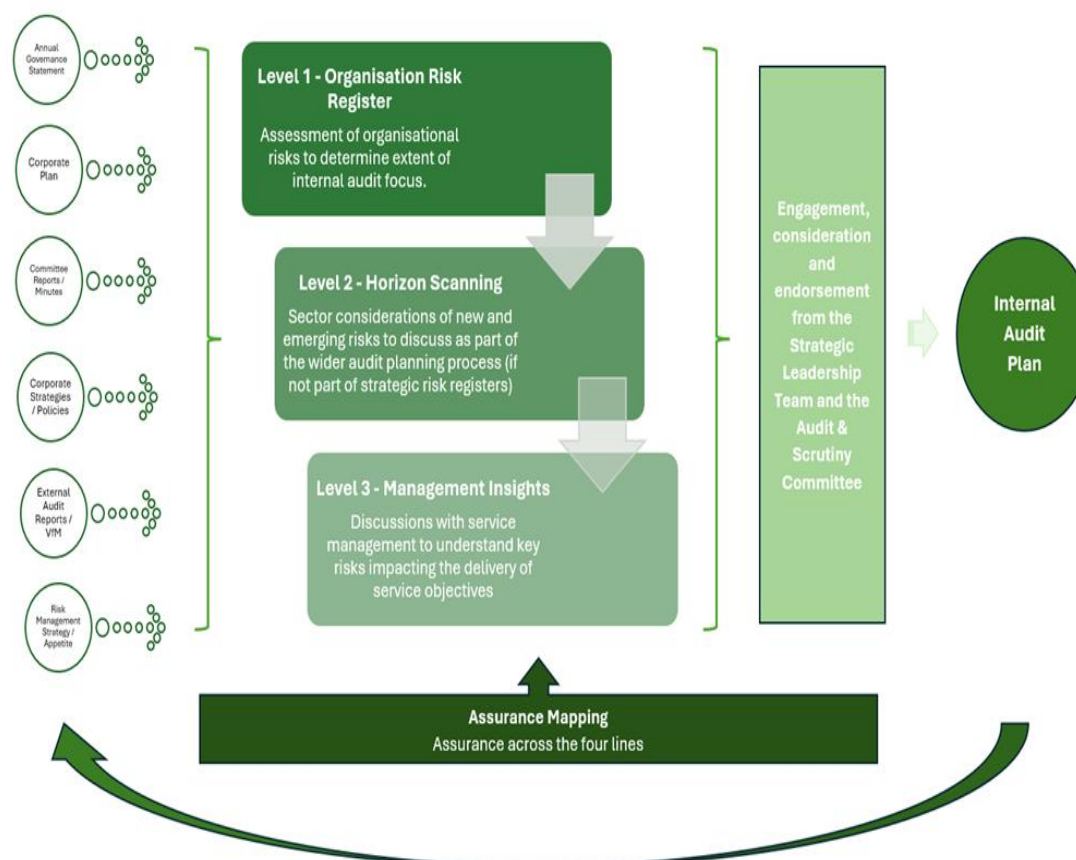
Internal audit resources

On development of the Q3/4 2025/26 internal audit plan as Chief Internal Auditor I am of the opinion that there is a sufficient level of resource available, supported by an appropriate range of knowledge, skills, qualifications and experience to deliver the internal audit plan in the fulfilment of the audit mandate and delivery of the internal audit strategy.

The Head of the Southern Internal Audit Partnership has a resource strategy in place to optimise internal audit resources to efficiently and effectively deliver the internal audit plan.
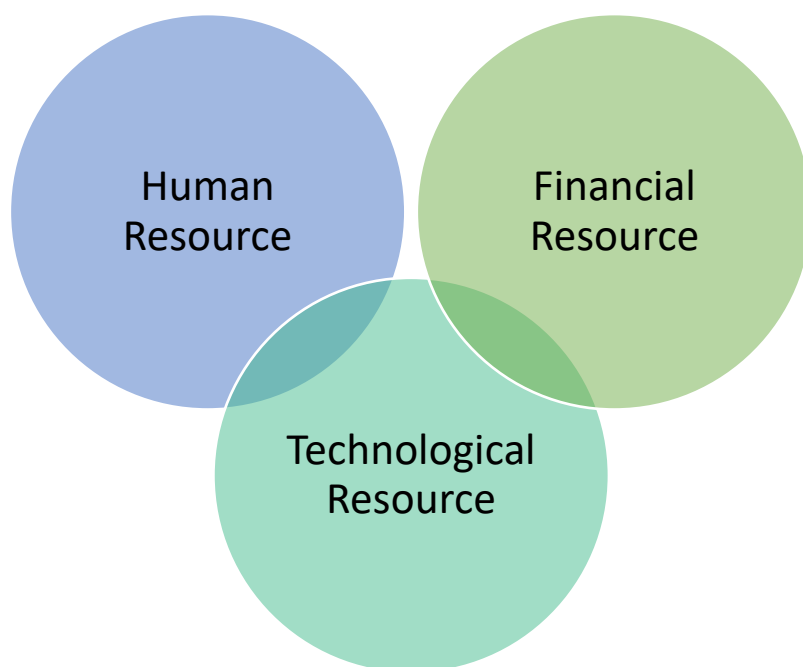
Human Resource - the internal audit service has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver the internal audit strategy and operational risk-based audit plan.

If the Chief Internal Auditor, Strategic Leadership Team or the Audit and Scrutiny Committee 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 Global Internal Audit Standards in the UK Public Sector is prejudiced, they will advise the Assistant Director (Corporate Services) and the Director of Corporate Services and Chief Finance Officer (S151) accordingly.

Financial Resource - the Head of Southern Internal Audit Partnership will manage the internal audit budget to enable the successful implementation of the internal audit mandate and achievement of the plan. The budget includes the resources necessary for the function's operation, including training and relevant technologies and tools.

Technological Resource - the internal audit function has the technology to support the internal audit process and regularly evaluates technological resources in pursuit of opportunities to improve effectiveness and efficiency.

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Appendix 1

Southern Internal Audit Partnership
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Resourcing the internal audit plan

The Global Internal Audit Standards in the UK Public Sector require a clear analysis of the resources and hours available for internal audit engagements compared to other administrative and non-audit related activities or initiatives focused on improving the internal audit function.

Q3/4 Activity			Days
Risk-Based Audit /Advisory	-	Delivery of risk-based internal audit assignments designed to fulfil the audit mandate, delivery of the internal audit strategy and in support of the Council in the achievement of their objectives.	54
Audit Management	-	Time allocated for the liaison and reporting to Strategic Leadership Team and the Audit and Scrutiny Committee, ongoing monitoring and update of the audit plan, implementation of management actions and ongoing quality review.	10
Total Q3/4 Audit Days			64
Total Q1/Q2 Audit Days			102
Contingency			33
Total Annual Audit Days	-	Total resource allocation for the delivery of the internal audit plan for 2025/26	199
Total Audit Days remaining			0

*100% of the commissioned audit days are dedicated to fulfilling the audit mandate, and delivery of the internal audit strategy. Internal audit services are provided through the Southern Internal audit Partnership who undertake all administrative and non-audit related activities outside of the commissioned audit days.

A range of internal audit services are provided to deliver the internal audit plan (see Internal Audit Charter). 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.

Your Internal Audit Team

Your internal audit service is provided by the Southern Internal Audit Partnership. The team will be led by Iona Bond, Deputy Head of Southern Internal Audit Partnership (Chief Internal Auditor), supported by Joanne Barrett, Audit Manager.

Independence

The Chief Internal Auditor will ensure that the internal audit function remains free from all conditions that threaten the ability of auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. The Chief Internal Auditor is not aware of any relationships that may affect the independence and objectivity of the internal audit team.

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The internal audit team retains no roles or responsibilities that have the potential to impair the internal audit functions independence, either in fact or appearance.   Should such circumstance arise, the Chief Internal Auditor will advise the Audit and Scrutiny Committee of the safeguards put in place to manage actual, potential or perceived impairments.

Internal Audit Plan 2025-26 (Q3/4)

Audit Assignment	Audit Sponsor	Scope	Risk Register Reference	Assurance / Advisory	Internal Audit Risk Assessment	Quarter
Car Parking	HofH&C	Assurance over the arrangements in place for the collection of income including the processes in place for PCNs.	HC10	Assurance	High	Q1
Environmental Health Duties – HMO & Private Landlords	HofH&C	Assurance over the delivery of duties in relation to HMO and Private Landlord regulations.	HC24	Assurance	High	Q1
Development Management	HofPD	To review arrangements to monitor and manage the performance of Development Management service delivery.	PD3	Assurance	High	Q1
Conservators Account	DofCS	Review and completion of the annual governance and accountability return.		n/a	n/a	Q1
Procurement	ADCS	Assurance over compliance with Contract Standing Orders and legislative requirements including the new Procurement Act.	PCR26, PCR30	Assurance	High	Q2
Council Tax	DofCS	Fundamental financial system review.	F2	Assurance	High	Q2

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Appendix 1

Audit Assignment	Audit Sponsor	Scope	Risk Register Reference	Assurance / Advisory	Internal Audit Risk Assessment	Quarter
NNDR	DofCS	Fundamental financial system review.	F2	Assurance	High	Q2
Climate Change Strategy	HofPD	Assurance over the monitoring and delivery of the Climate Change Strategy and action plan.	PD1, OS21, PR15,	Assurance	High	Q3 Moved from Q2
HR – Organisational Capacity/Resilience (Vacancy Management)	HofP&OD	To review arrangements in place for organisational capacity.	HR10	Assurance	High	Q3/4 Moved from Q2
Fees and Charges	DofCS	Assurance over the arrangements in place for the identification, calculation and publication of chargeable fees.	F2	Assurance	High	Q3
IT – Cyber Security (Patch Management)	HofICT	Assurance over the policies, procedures and controls in place to ensure security patches for the IT estate are identified, assessed and applied effectively.	IT6	Assurance	High	Q3
Follow Up – Information Governance	ADCS	To follow up on the key observations raised in the 2023/24 "limited assurance" review of Information Governance to ensure actions have been fully implemented	PCR16	Follow Up	High	Q4

Southern Internal Audit Partnership

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Audit Assignment	Audit Sponsor	Scope	Risk Register Reference	Assurance / Advisory	Internal Audit Risk Assessment	Quarter
Follow Up – IT Cyber Security (Training and Awareness)	HofICT	To follow up on the key observations raised in the 2023/24 "limited assurance" review of Cyber Security (training and Awareness) to ensure actions have been fully implemented	IT6, IT7	Follow Up	High	Q4

Audit Sponsor			
DofCS	Director of Corporate Services (S151)	DCE	Deputy Chief Executive & Director of Environment, Housing & Regeneration
ADCS	Assistant Director, Corporate Services	HofH&C	Head of Housing & Community
HofPD	Head of Place Development	HofOS	Head of Operational Services
HofP&OD	Head of People and Organisational Development	HofP&R	Head of Property & Regeneration
HofLDS	Head of Legal & Democratic Services and Monitoring Officer	HofICT	Head of ICT
IAHofS	Interim Assistant Head of Service and Streetcare Manager	IAHofV&C	Interim Assistant Head of Service, Venues & Community Commercial Services

Southern Internal
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Appendix 1

Annex 1

SIAP – Local Authority

Horizon Scanning

SIAP maintain representation across a number of national forums gaining a knowledge and oversight of key and emerging risks within the sector. This coupled with the intelligence built across our Partner / client portfolio provides opportunity to pool collective knowledge enabling consideration of existing and emerging risk exposures as part of our planning within each of the organisations within which we operate.

The areas highlighted below are not exhaustive and may not necessarily constitute an internal audit review in all organisations, instead it provides a point of reference to discuss with stakeholders as part of the planning process.

National
Cyber Local authorities manage a wide range of sensitive data making them attractive targets for cyber criminals. There has been a rise in the number of cyberattacks on local governments with hackers increasingly targeting them for ransomware and data breaches. These incidents can result in the theft of sensitive information and significant operational disturbance. Key forms of cyber-attack include, malware, phishing, password, man-in-the-middle, SQL injection, denial of service, insider threat, and cryptojacking.
Financial Resilience / Savings Realisation The lack of sufficient funding coupled with a volatile financial climate (inflation, interest rates, cost of living), coupled with rising demands for core services have created real financial challenges across the public sector. To meet future budget gaps organisations are having to deliver challenging transformation / savings proposals to generate ongoing savings and avoid the prospect of an unsustainable draw on reserves.
Climate Strategy The Government have set some challenging targets for the reduction of greenhouse gas emissions. This poses significant challenges for local authorities given the range and diversity of their operations.   Many organisations have adopted climate change strategies and ambitious action plans for delivery. Climate change sits at the heart of many organisations' corporate plans, objectives and priorities over the medium term and as such is a key deliverable.
Artificial Intelligence (AI) AI can offer tremendous opportunities in the delivery of public services and the streamlining of business operations; however, this does not come without risk. Given the significant resource and funding constraints in local government, and resident expectation, councils need to be part of an AI-powered future. Risks in the adoption of AI centre around ineffective governance, insufficient data foundations, data infrastructure, lack of capacity or acumen etc.

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National

Recruitment & Retention

As austerity continues to challenge local authorities, they become a less attractive proposition for those seeking employment. Having the right calibre and number of staff is vital to the delivery of high-quality services and to maintain sufficient organisational capacity.

Inefficient and ineffective recruitment can hinder securing higher calibre candidates and lack of support, opportunity or management can inhibit retention

Cost of Living (income collection)

Implications relate closely to organisations financial resilience. The cost-of-living crisis has knock on effects of increased service pressures (housing, homelessness, housing benefits) in addition to pressure on income collection, Ctax, NNDR, debt collection etc. Further implications can extend to the financial instability of an organisation's contractors, suppliers and supply chain management etc.

Culture

The root cause to many of the current issues faced by local authorities is underpinned by the organisation's culture. As a result, local authorities are increasingly having to examine and assess the concept of culture and if it supports their strategy and mandate. Culture can be positive or negative:

- **Positive** – ambitious, collaborative, committed, forward thinking, resilient, optimistic, open to change etc,
- **Negative** – challenging, demoralised, out of touch, siloed, stressed, tired, toxic, uncertain etc.

Devolution

The transfer of powers and funding from national to local government. The Devolution Priority Programme is for areas who wish to move towards devolution at pace. The Minister of State for Local Government and English Devolution has outlined that participants must have local agreement to move forward around a sensible geographical footprint. The Devolution Priority Programme is for areas wishing to pursue the establishment of a Mayoral Strategic Authority. This will be with a view to inaugural mayoral elections in May 2026.

Areas who join the Devolution Priority Programme will be invited to submit interim proposals to Government by March 2025. Areas which have delayed local elections will be invited to submit full proposal by May 2025, and all remaining areas invited to submit proposals by autumn 2025.

Local Government Reorganisation

Local government reorganisation is the process in which the structure and responsibilities of local authorities are reconfigured. In the context of the English Devolution White Paper, the Government have set out plans to move away from the current two-tier system of district and county councils. The Government has indicated that for most areas this will mean creating councils with a population of 500,000 or more, but there may be exceptions to ensure new structures make sense for an area, including the devolution, and decisions will be on a case-by-case basis.

The Government have indicated that they intend to deliver new unitary authorities included in the Devolution Priority Programme by April 2027 and remaining unitary authorities by April 2028.

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Sector Knowledge
Tree Management Due to a range of issues (Ash Dieback, environmental conditions etc) the health & safety risks of falling trees have increased. Reviews undertaken across a number of Partners has highlighted poor levels of control with regard the effective inspection and maintenance of trees. Of particular concern are those where the public have access, tree lined highways and those located around schools. The absence of effective management and maintenance leaves a significant risk to the public and the vulnerability of the Council should an incident occur.
Local Plan (Tier 2) The Local Plan is a statutory requirement and guides how the communities and places across the district will develop over a 15- year period. Government has made it clear that all local authorities must have an up-to-date plan. Failure to do so could lead to intervention whereby the Government writes Local Plans and policies and could result in unplanned development in unsustainable locations. On 18 October 2024 a consultation closed on proposals to make local plans simpler, faster to prepare and more accessible.
Agency Staff In the face of increased service pressures and the ongoing challenge of recruitment and retention it has been observed that there is a significant increase in the use of agency / interim staff. This is a costly alternative to recruitment and analytics in some organisations has seen some agency staff employed for a prolonged period questioning value for money, workforce management and decision making.
Procurement Act 2023 The rules governing public procurement are changing. The new Procurement Act introduced several new requirements that are due to go live on 24 February 2025. This affects all local authorities and as such their preparedness for change is key to future governance and control. Some of the areas the legislation is looking to enhance / improve include: • Make procurement more accessible, efficient and beneficial for councils and suppliers • Provide a clearer framework for decision making • Simpler and more flexible • Open up procurement to new entrants • Embed transparency
Contract Management Influenced by the Procurement Act 2023 the extended procurement life cycle necessitates a more integrated approach to procurement and contract management. Contracting Authorities should ensure that these functions are aligned to comply with transparency requirements and leverage the Act's flexibilities. Even the best procurement framework may fail to deliver satisfactory outcomes if ongoing contract management in ineffective. To ensure that contracts deliver both economic and social value, local authorities need to ensure that a comprehensive contract management framework is in place and is adhered to consistently throughout the life of a contract. It is important that local authorities can demonstrate to the public that value is being delivered from the contracts that are held. As ongoing contract management is usually a separate function to procurement, its importance to ensuring that value is delivered may sometimes be neglected.

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Sector Knowledge
Special Educational Needs (Tier 1)
Based on an NAO estimate, around 1.9 million children and young people aged 0 to 25 years in England (11%) were identified as having special educational needs (SEN) in January 2024, with 1.7 million at school. Local authorities, working with national and local bodies, have a statutory responsibility to ensure children receive the support they need. A significant rise in service demand has caused increased financial and staffing pressures in this area which can adversely impact the organisation's ability to discharge their legal duties (in relation to SEND) but also place additional financial pressures on the wider organisation.
Buildings – Statutory Checks
Reviews across a range of organisations has highlighted significant health & safety exposure in the absence of robust governance, control and management of statutory check (fire, wate, electric, gas, legionella etc.) within council owned buildings (both civic and housing). Common risks and exposures have been highlighted regardless of the delivery method (contract or in-house). The physical risk to occupiers of the buildings coupled with the reputational and financial risk to the organisation in the event of an incident sees this remain a key area of focus.
Digitalisation
Local authorities have been focusing on improving public services through technology. This trend is driven by the increasing demand for 24/7 service availability and digital access to council services coupled with the drive for more efficient and effective process. Initiatives can be hampered by a siloed approach (not taking a whole-council approach); lack of technical acumen, programme, project management skills / governance, vfm outcomes, and not learning from the experiences of others.
School Transport (Tier 1)
Home to school transport has become an increasing pressure on council budgets as a combination of increases in demand from pupils with special educational needs and a lack of supply pushing up costs. Further influences include fuel costs perpetuated by wider world events.
Homelessness (Tier 2)
Under the Homelessness Act 2002, all housing authorities must have in place a homelessness strategy based on a review of all forms of homelessness in their district. The strategy must set out the authority's plans for the prevention of homelessness and for securing that sufficient accommodation and support are or will be available for people who become homeless or who are risk of becoming so. Demand against a limited housing provision can lend itself to expensive and extended alternatives.
Housing – Consumer Standards (Tier 2)
In the midst of increased Housing Ombudsman activity focused on key service failures, the rollout of new Government policies aimed at increasing the supply of social housing, consultation around Awaab's Law, and the conclusion of the Grenfell tower inquiry, the Regulator of Social Housing (RSH) introduced a set of Consumer Standards. These are designed to drive improvements in the quality of services provided to tenants, while ensuring Registered Providers (RPs) (both local authorities and housing associations) maintain a strong compliance framework.
The RSH has taken a more proactive approach to regulating the sector and in April 2024 introduced a programme of regulatory inspections around the Consumer Standards. This will be for all RPs, but particularly for local authorities that were not subject to In-Depth Assessments previously.
Planning Reform
Recently the Government consulted on changes to The National Planning Policy Framework and changes to the planning system, which will have an impact on local authorities once the outcome is known. It will be important for all local authorities to assess the impact of these changes and ensure that they have an action plan to implement the changes.

Agenda Item 13
Appendix 1

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Governance / Statutory	
• Grants • Annual Governance Statement • Risk Management • Fraud Frameworks • Information Governance (DPA / FOI, SAR) • Key Financial Systems	• Business Continuity Planning • Health & Safety • Ethical Governance • HR (general) • Project and Programme Management

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ICT AUDIT ACTIONS PROGRESS REPORT

Head of Service:	Andrew McGuire, Head of IT
Report Author	Andrew McGuire
Wards affected:	(All Wards);
Appendices (attached):	**Appendix 1 –** ICT Audit Actions Progress Report

Summary

Progress report on ICT Audit Actions.

Recommendation (s)

The Committee is asked to:

(1)   **Note the most recent progress that has been made on the remaining ICT audit actions as set out in Appendix 1.**

1   Reason for Recommendation

1.1   As requested by this committee the appendix to this report provides a detailed update on the current outstanding ICT audit actions.

2   Background

2.1   Audits conducted from 2021/22 through to 2025/26 have resulted in management actions, some of which have taken time to resolve. In many instances, delays in completing these actions have been due to the complexity of the infrastructure or the potential impact on front-line services.

2.2   An additional factor contributing to delays has been the loss of key ICT personnel, which has created significant gaps in expertise and capacity that have proven challenging to address promptly.

2.3   This report has one appendix that details the current progress on the outstanding audit actions.

3   Risk Assessment

Legal or other duties

3.1   Equality 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 None for the purposes of this report.

4.2 **Section 151 Officer's comments**: While many of the actions may not have direct budgetary impact, prolonged delays could lead to increased costs, either through the need for external support, system upgrades, or risk mitigation measures. These will be monitored and, where necessary, reflected in future budget planning.

5 Legal Implications

5.1 **Legal Officer's comments**: None for the purposes of this report.

6 Policies, Plans & Partnerships

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

- Effective Council – Improve access to services through technology.

- Smart and Connected – Increase digital connectivity for all.

6.2 **Service Plans**: The matter is included within the current Service Delivery Plan.

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

6.4 **Sustainability Policy & Community Safety Implications**: None for the purposes of this report.

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

6.6 **Local Government Reorganisation Implications**: None for the purposes of this report.

7 Background papers

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

Previous reports: N/A

Other papers: N/A

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Action Reference	Name of Audit	Action	Revised Due Date	Previous Updates	Current Update Narrative	Anticipated Completion
CSTA23/4.1	Cyber Security Training and Awareness 2023/24	1.1 The goal is for 90% of staff to finish the Boxphish training by June 2025	31-Aug-25	• Number of modules has been reduced to prevent information fatigue in the staff. • The training will be spread over 6 weeks as part of a campaign with the assistance with comms. • Discussions underway on progressing this.	The campaign has been launched in collaboration with the communications team, with the first set of training videos scheduled for release before the end of the month. The overall risk level around phishing attempts is expected to decrease once the organisation has completed the initial round of training and we identified users who require additional support or targeted assistance.	Dec-25
CSTA23/4.2	Cyber Security Training and Awareness 2023/24	2.1 The aim is for 80% of councillors to complete the Boxphish training by June 2025.	31-Aug-25	• Linked to CSTA23/4.1 • Number of modules has been reduced • Negotiations with Dem Services required	The campaign referenced in CSTA23/4.1, is designed for staff, and the training content is also intended for use by Councillors. We've been working closely with Democratic Services to design a plan to suit the members requirements and availability. Councillors are frequently targeted by hostile actors due to their visibility in public meetings and their work within the constituencies they represent. It is therefore essential that the training is completed this year to help mitigate the risk of compromise.	Dec-25
CSTA23/4.3	Cyber Security Training and Awareness 2023/24	3.1 ICT will review reports from Boxphish and the Learning Pool to assess current competency levels in cyber security. This review will guide adjustments to the training type and frequency.	31-Aug-25	• Plans for Staff and Members are progressing and are linked to this action.	Since it is not currently possible to directly link reporting data between Learning Pool and Boxphish, we have reached an agreement with HR to use the management reports generated by the Boxphish system as the primary source for evaluating future training needs. These reports will help us monitor user engagement and performance, identify areas where additional support may be required, and ensure that our training strategy remains aligned with organisational goals.	Dec-25
CSTA23/4.4	Cyber Security Training and Awareness 2023/24	4.1 The IT Security and Acceptable Use Policy will be updated in 2024 to inform all staff and councillors that failure to maintain current training for cyber security may result in the loss of IT system access.	31-Aug-25	• AI and Cyber Elements being drafted for peer review	The latest revision of the IT Security and Acceptable Use Policy includes draft guidance on AI usage and updated cyber security measures. It is currently undergoing peer review, with plans to present the draft to SLT for approval in mid-September. This version provides instructions on the responsible use of AI, and its approval will help mitigate the risk of staff inadvertently causing a compromise or data breach due to a lack of awareness.	Oct-25

Action Reference	Name of Audit	Action	Revised Due Date	Previous Updates	Current Update Narrative	Anticipated Completion
CSTA23/4.5	Cyber Security Training and Awareness 2023/24	5.1 Staff knowledge of GDPR and cyber security risks diminishes over time and are at higher risk of causing a cyber security incident through their actions.. Actions to mitigate this risk will be addressed as outlined in sections 3.1 and 4.1.	31-Aug-25	• Progressing as planned	As outlined in the two preceding updates, the work described in section 3.1 (Phishing Reports) and section 4.1 (Updated Acceptable Use Policy) is progressing at pace. This action will be marked as complete once both items have been finalised.	Dec-25
CSTA23/4.6	Cyber Security Training and Awareness 2023/24	6.1 As part of the Boxphish rollout, councillors and staff will undergo simulated phishing exercises. Results will be monitored and evaluated, with additional training offered to those who fail to detect the phishing attempts	31-Dec-25	• Progressing as planned	Linked to the update on CSTA23/4.1, the Boxphish campaign will launch for staff in the first week of September, with rollout to members planned shortly thereafter. Unlike previous cybersecurity and phishing training initiatives, the phishing simulations will begin soon after the training sessions are completed, ensuring timely reinforcement of learning and awareness.	Dec-25
CSTA23/4.8	Cyber Security Training and Awareness 2023/24	8.1The Acceptable Use Policy (AUP) is being revised for re-approval this year. The updated AUP will include a section for signatures, dates, and returns to HR. I	31-Aug-25	• Revision of AUP continues	In connection with the update on CSTA23/4.4, the revised Acceptable Use Policy (AUP) is currently under review, with plans to submit it to the Senior Leadership Team (SLT) for approval in September.	Oct-25
DB24/5	Data Backup and Ransomware Protection	3.1 The mover's guidance for ICT admins will be reviewed and adapted for a non-technical audience. Once finalised, it will be published on the ICT intranet site later this year, alongside the Starters and Leavers guidance for Managers.	31-Dec-25	• Progressing as planned	This relates to action IA21/3.7, which covers the Starters, Movers, and Leavers process. As part of this activity, it will also explicitly include and document the procedures for maintaining administrative accounts used by the ICT team and specific departments such as Revenues and Benefits who also have nominated technical staff.	Dec-25

Action Reference	Name of Audit	Action	Revised Due Date	Previous Updates	Current Update Narrative	Anticipated Completion
DB24/5	Data Backup and Ransomware Protection	4.1 Creation of an ICT Backup Policy that will align with other ICT Policies that have either already been updated, or due to be updated this year.	31-Dec-25	• Policy creation will align with our existing backup arrangements.	The ICT Backup Policy is currently being drafted and will undergo review with input from service providers and EEBC's security solution partner to ensure it aligns with operational and security requirements.	Dec-25
DB24/5	Data Backup and Ransomware Protection	5.1 A quarterly schedule will be established to test the recovery of systems selected by the team. This testing will take place during the monthly downtime window.	31-Dec-25	• Schedule has been defined and added to the regular downtime tasks.	A schedule has now been defined and incorporated into the routine downtime task list to ensure ongoing consistency and accountability. With this integration complete, the associated action is considered resolved and will be formally closed.	Completed since last update
DB24/5	Data Backup and Ransomware Protection	7.1 Explore additional backup solutions to strengthen overall data protection and ensure continuity in specific operational scenarios.	31-Dec-25	• Discussions have taken place to see if this can be completed with any existing solutions or whether additional hardware or software solutions might be required. • Investigations continue.	Confirmation received that existing solutions will not cover all the identified and recommended requirements. We are currently exploring additional backup solutions to complement the organisation's existing arrangements. This initiative aims to improve overall system resilience, ensure robust long-term data retention, and reinforce business continuity planning.	Mar-26
Db24/5	Data Backup and Ransomware Protection	8.1 The ICT Password Policy whilst updated to cater for PCI compliance will be updated mid-term to cater for the requirements detailed in the NCSC guidance (where practicable).	31-Dec-25	• In-house discussions continue on this topic	Discussions with the internal auditors are scheduled to take place in September to review the policy that was created last year. The aim is to assess its current relevance and determine any necessary updates, with a view to issuing a mid-term revision.	Dec-25
IA21/3.5	Internal Audit Plan 2021/3	1.2- IT Data Management - We are aware the SQL databases are out of support and projects planned for 2022/23 to replace these systems	30-Sep-25	• SQL servers associated with the old Dynamics CRM have been switched off as planned (along with the Application Servers). • There are three remaining servers that are anticipated to be switched off in the coming week before the IT Health Check is started on 28/07/2025	The remaining out-of-support SQL servers have now been successfully decommissioned, completing remediation efforts ahead of the PSN Assessors' visit in September. As such this action will be formally closed.	Completed since last update

Action Reference	Name of Audit	Action	Revised Due Date	Previous Updates	Current Update Narrative	Anticipated Completion
IA21/3.7	Internal Audit Plan 2021/3	3.2- IT information Security - Movers guidance for managers will be created and the entire process reviewed	31-Aug-25	• Linked to action DB24/5 3.1 and DB24/5 9.1	Updated guidance for managers on the Starters, Movers and Leavers (SML) process is currently being drafted. The documentation is undergoing peer review and is scheduled for publication on SharePoint in October. This updated guidance will consolidate existing procedures and provide more detailed documentation of the processes involved, helping to ensure consistency and clarity across all stages of the SML lifecycle	Oct-25
IA21/3.30	Internal Audit Plan 2021/3	3.1- Network M -A Cyber Security Response Plan / Playbook and associated documentation, policies and procedures will be created in conjunction with our SIEM/SOC provider. NCSC and specialist guidance will be sought and followed where appropriate to do so	31-Aug-25	• Meetings have concluded with the SOC provider and a SOW created to understand the scope and costs • Process now needs to move to procurement and if additional suppliers are to be invited to bid an agreement on what we can and cannot share needs to be agreed.	The external Cyber Security providers are currently conducting a comprehensive gap analysis of our existing documentation. This process involves identifying any deficiencies, inconsistencies, or areas that require enhancement to align with best practices and compliance standards. Once the analysis is complete, they will provide a formal response outlining their findings and recommendations. This will include a proposed timeline for when the Cyber Security Response Plan (CSRP) will be available in its first draft form for internal review. Based on current progress, we anticipate receiving this initial draft by late September.	Nov-25
IA21/3.31	Internal Audit Plan 2021/3	4.1- Network Management -A complete set of network documentation will be created/updated in tandem with the deployment of new infrastructure	31-Aug-25	• Work on the documentation continues as planned. • Likely new network design is in draft format that will lead to the creation of a specification that will form part of the procurement process to order kit that needs to be replaced.	While some of the existing documentation remains valid, the cancellation of the planned move to 70 East Street has prompted a redesign of the network infrastructure. As a result, new hardware specifications have been developed, and work is now underway to implement a revised network architecture that reflects this change in direction.	Dec-25
IA24/5 ITFOLLOW UP	Follow Up Reviews of Data Management and Network Management	DM2.3 –Ex-staff accounts will be removed, and the leaver process will be amended to explicitly include the removal of database accounts.	31-Dec-25	• Linked to action DB24/5 3.1 and DB24/5 9.1	The action to remove ex-staff accounts has been documented within the ICT process library, alongside the leavers process, to ensure that administrative access is also revoked appropriately. This documentation will be incorporated into the broader Starters, Movers, and Leavers (SML) framework for the entire organisation, as outlined in actions DB24/5 and IA21/3.7. As far as this specific action is concerned this can be formally marked as completed.	Completed since last update

Action Reference	Name of Audit	Action	Revised Due Date	Previous Updates	Current Update Narrative	Anticipated Completion
IA24/5 ITFOLLOW UP	Follow Up Reviews of Data Management and Network Management	DM3.1 We will implement an SCCM patch exception report that will list when patches have not been successfully applied. This will be run at downtime and exceptions will be investigated by the Infrastructure Team.	31-Jul-25	• Server likely to be decommissioned before the end of August 2025.	SCCM has now entered the decommissioning phase and has been replaced by a Microsoft cloud-based solution for server management. This new platform includes robust patch management and comprehensive reporting capabilities. As a result, this action is considered complete and will be formally closed.	Completed since last update
IA24/5 ITFOLLOW UP	Follow Up Reviews of Data Management and Network Management	DM5.1 – Formal change control procedure document, to include backout plans and other good practices will be created and circulated to all ICT staff	31-Aug-25	• Process for a new Change Advisory Board is being created to complete this action. • Likely this will sit with an ICT Wide Ops Board to replace the previous one that predominantly dealt with infrastructure matters.	Change Management is now incorporated into the ICT Team Site, with supporting documentation being added as required. Although the framework is still evolving, it currently captures both standard and emergency changes and facilitates a structured approval process.	Nov-25
IA24/5 ITFOLLOW UP	Follow Up Reviews of Data Management and Network Management	NM1.2 – A redesigned network will be implemented. Expert advice will be sought to inform and assure that business requirements are captured and addressed, and the design adheres to appropriate security standards.	31-Oct-25	• Linked to IA21/3.31	As outlined in the update to action IA21/3.31, the revised network design and its components have been reviewed following the cancellation of the planned move to 70 East Street. While some existing documentation remains applicable, the change in location has necessitated a further redesign of the network infrastructure. Procurement is now underway to source the updated hardware required to support the new configuration.	Dec-25
IA24/5 ITFOLLOW UP	Follow Up Reviews of Data Management and Network Management	DM1.2 - The SQL databases are out of support and projects planned for 2022/23 to replace these systems	31-Jul-25	• Most of the SQL servers that were the source of this action have been replaced, upgraded or removed. There are three final servers that are due to dealt with before the ITHC takes place in the week commencing 28/07/2025	Per IA21/3.5 - The remaining out-of-support SQL servers have now been successfully decommissioned, completing remediation efforts ahead of the PSN Assessors' visit in September. As such this action will be formally closed.	Completed since last update
IA24/5 ITFOLLOW UP	Follow Up Reviews of Data Management and Network Management	DM6.1 – Monthly test of database backups will be performed as part of monthly maintenance weekend.	31-Aug-25	• This process has been discussed within the Infrastructure team and a process developed to evidence that testing has taken place.	This process has now been integrated into the monthly downtime checks and is considered complete. Accordingly, the associated action will be closed.	Completed since last update

Action Reference	Name of Audit	Action	Revised Due Date	Previous Updates	Current Update Narrative	Anticipated Completion
IA24/5 ITFOLLOW UP	Follow Up Reviews of Data Management and Network Management	NM1.4 Network monitoring will be reviewed and improved. Implementation will be a phased deliverable of the rolling programme of network upgrades	31-Aug-25	• Issues with the reports have been raised with Zabbix and a follow up will take place in September.	The reporting function is now capable of generating reports on demand, providing flexibility for ad hoc analysis and operational oversight. However, the availability of regular scheduled reporting remains limited at this stage. As such this action is considered complete and will be closed.	Completed since last update
IA24/5 ITFOLLOW UP	Follow Up Reviews of Data Management and Network Management	NM1.6 – Change Management will be reviewed and formalised. Consideration will be given to including this within the monthly Operations Board or as a standalone activity	31-Aug-25	• Linked to IA24/5 ITFOLLOWUP • Process for a new Change Advisory Board is being created to complete this action.	This is referenced in action DM5.1, and the associated process is currently undergoing a trial phase prior to formal adoption. The trial aims to validate its effectiveness and ensure it meets operational requirements before being fully integrated into standard practice.	Nov-25
LS23/4.1	Legacy Systems	1.1 As part of the works to move the organisation to 70 East Street a complete review of the legacy systems is underway. This will be reported to SLT along with mitigations by the end of March 2025.	30-Sep-25	• Works on this have been delayed due to the Application Manager leaving the authority. The sudden passing of another key member of ICT staff this year has compounded this. • The cancellation of the move to 70 East Street means that there are some minor changes to the application estate, but these will not be impactive. • Revised review will be completed with the two new-in-post managers in ICT with a view to sharing this with SLT in September 2025	The current legacy infrastructure comprises six software systems, three of which are actively being migrated to new, compliant replacement systems. In addition, legacy hardware—including the thin client solution previously deployed at EEBC—is in the process of being phased out. A detailed list of these systems will be provided to SLT in a separate report to support ongoing oversight and planning for their decommissioning or replacement.	Oct-25
LS23/4.4	Legacy Systems	4.1 Action taken in 1.1 will mitigate this risk (Failing to provide a complete list of legacy IT systems will lead to an inability to have a thorough overview of the inherent risks)	30-Sep-25	• As noted in the update to LS23/4.1 this updated list of applications and mitigations will be presented to SLT in September 2025	Related to 1.1 - systems have now been identified across both hardware and software domains, and mitigation plans are actively underway to address these elements. A detailed report outlining these systems and the associated actions will be presented to SLT in mid-September.	Oct-25

INTERNAL AUDIT PROGRESS REPORT

Head of Service:	Andrew Bircher, Assistant Director of Corporate Services
Report Author	Iona Bond, Deputy Head of Southern Internal Audit Partnership
Wards affected:	(All Wards);
Appendices (attached):	**Appendix 1** - Internal Audit Progress Report (August) 2025-26
	Appendix 2 – Restricted Item

Summary

As required by the Global Internal Audit Standards in UK Public Sector this report presents the Internal Audit Progress Report (August) 2025-26. Ther report provides the Audit and Scrutiny Committee with an overview of internal audit activity and assurance work completed in accordance with the approved audit plan and provides an overview of key updates relevant to the discharge of the committee's role in relation to internal audit.

Recommendation (s)

The Committee is asked to:

(1) **Note the internal audit progress report (August) 2025-26 from Southern Internal Audit Partnership (SIAP) attached at Appendix 1.**

1   Reason for Recommendation

1.1   In accordance with the Global Internal Audit Standards in the UK Public Sector the Chief Internal Auditor is required to provide a written status report to the Audit & Scrutiny Committee.

2   Background

2.1   The mandate for internal audit in local government is specified within the Accounts and Audit [England] Regulations 2015, which states:

'A relevant authority 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.'

2.2   From 1 April 2025, the 'standards or guidance' in relation to internal audit are those laid down in the Global Internal Audit Standards (GIAS), Application Note: Global Internal Audit Standards in the UK Public Sector (Application Note) and the Code of Practice for the Governance of Internal Audit in UK Local Government. The collective requirements shall be referred to as the Global Internal Audit Standards in the UK Public Sector (the Standards).

2.3   The Southern Internal Audit Partnership have made all necessary adaptions to its processes, procedures and practices to ensure it is best placed to conform with these requirements with effect from 1 April 2025.

2.4   In accordance with proper internal audit practices (Global Internal Audit Standards in the UK Public Sector), the Chief Internal Auditor is required to provide a written status report to the Audit & Scrutiny Committee, summarising

- ongoing confirmation or otherwise regarding independence, and impairments [Standard 7.1].
- a summary of significant issues and escalation of matters of importance [Standard 8.1].
- overview and sufficiency of resourcing [Standards 8.2, 10.1, 10.2, and 10.3].
- communication of unresolved issues that fall outside of the Council's risk tolerance [Standard 11.5].
- update on progress and any changes to the annual audit plan [Standard 9.4].
- internal audit performance measures [Standard 12.2].
- status of 'live' internal audit reports and status on the implementation of management actions [Standard 15.2.]

2.5   Appendix 1 provides a summary of internal audit's ongoing progress.

3   Risk Assessment

Legal or other duties

3.1   Equality 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.

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**: The council is required by statute (under the Regulations 3 & 5 of the Accounts and Audit Regulations 2015 and section 151 of the Local Government Act 1972) to have an adequate and effective internal audit function. Regulation 3 of the Accounts and Audit Regulations 2015 requires the council to ensure that it has a sound system of internal control which (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives; (b) ensures that the financial and operational management of the authority is effective; and (c) includes effective arrangements for the management of risk. Regulation 5 of the Accounts and Audit Regulations 2015 requires the council to 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.

5.3   In addition, the council must each financial year conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement (Regulation 6 (1) of the Accounts and Audit Regulations 2015). SIAP are the appointed council's internal auditors. The purpose of this report is to detail the summary findings of completed audit reports and follow-up reviews since the report submitted to the last meeting of this Committee.

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.

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

6.3   **Climate & Environmental Impact of recommendations**: not applicable.

6.4 **Sustainability Policy & Community Safety Implications**: not applicable.

6.5 **Partnerships**: not applicable.

6.6 **Local Government Reorganisation Implications**: not applicable.

7 Background papers

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

Previous reports:

Audit and Scrutiny Committee (2025) *Internal Audit Plan 2025-2026 and Internal Audit Charter 2025-2026*, 27th March 2025. Online available: https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=157&MId=1523

Other papers:

- None.

Southern Internal Audit Partnership

Assurance through excellence and innovation

Internal Audit Progress Report

Epsom & Ewell Borough Council – August 2025

Prepared by: **Iona Bond, Deputy Head of Partnership**

1. Internal Audit Mandate

The mandate for internal audit in local government is specified within the Accounts and Audit [England] Regulations 2015, which states:

'5. (1) A relevant authority 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.

(2) Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit—

(a) make available such documents and records; and
(b) supply such information and explanations

as are considered necessary by those conducting the internal audit.'

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

'An independent, objective assurance and advisory service designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control 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.

2. Internal Audit Standards

With effect from 1 April 2025, the 'Standards' against which internal audit within the public sector must conform are those laid down in the Global Internal Audit Standards, Application Note: Global Internal Audit Standards in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government. The collective requirements are referred to as the Global Internal Audit Standards in the UK Public Sector.

3. Purpose of Report

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

- The monitoring of 'live' internal audit reports

- an update on progress against the annual audit plan and any subsequent revisions

- acknowledgement of any actual or perceived impairments to internal audit independence

- internal audit performance, planning and resourcing issues

- results of audit assignments and insights.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of controls in place focusing on those designed to mitigate risks to the achievement of management objectives of the service area under review. 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.

4. Resourcing

As Chief Internal Auditor I maintain responsibility for ensuring that there is a sufficient level of resource available, supported by an appropriate range of knowledge, skills, qualifications and experience to deliver the internal audit plan (2025/26) and in the fulfilment of the audit mandate and delivery of the internal audit strategy.

- o **Human Resource -** the Southern Internal Audit Partnership has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver the internal audit strategy and risk-based audit plan.

- o **Financial Resource -** the Head of Southern Internal Audit Partnership will manage the internal audit budget to enable the successful implementation of the internal audit mandate and achievement of the plan. The budget includes the resources necessary for the function's operation, including training and relevant technologies and tools.

- o **Technological Resource -** the internal audit function has the technology to support the internal audit process and regularly evaluates technological resources in pursuit of opportunities to improve effectiveness and efficiency.

The Southern Internal Audit Partnership are currently experiencing a higher than average level of attrition resulting in vacancies at auditor, senior auditor and audit manager level. With the time lapse between an individual leaving the organisation and the recruitment and onboarding of new staff there will be an inevitable impact on capacity over the short-term.

The Southern internal Audit Partnership have contingency arrangements in place to mitigate such eventualities with opportunity to attain additional support through peer Partnerships or established frameworks. Whilst there will be no financial impact to the Council, there may be some minor slippage in delivery of the quarter 2 / 3 plan whilst contingency arrangements are put in place.

Recruitment across existing vacancies is well progressed and I remain confident as your chief internal auditor that the 2025/26 internal audit plan will be sufficiently delivered enabling me to provide a timely Annual Conclusion.

5. Independence

As your chief internal auditor, I retain no roles or responsibilities that have the potential to impair my independence, either in fact or appearance. Internal auditors engaged in the delivery of the 2025-26 internal audit plan have had no direct operational responsibility or authority over any of the activities reviewed. I can confirm there has been no interference encountered relating to the scope, performance, or communication of internal audit work during the year to date in the delivery of the internal audit plan or the fulfilment of the internal audit mandate.

6. Impairments

There have been no impairments to internal audit activity during the year. The internal audit function has remained free from all conditions that threaten our ability to carry out responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. The internal audit team have maintained an unbiased mental attitude allowing them to perform engagements objectively enabling them to believe in their work product, with no compromise to quality, and no subordination to their judgment on audit matters, either in fact or appearance.

7. Rolling Work Programme

The internal audit plan for 2025-26 was originally presented to Senior Management and approved by the Audit and Scrutiny Committee in March 2025. 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 below.

Audit Review	Sponsor	Scoping Held	ToR Issued	Fieldwork Start	Draft Report	Final Report	Assurance Opinion	Comment
2024/25 Reviews								
Playgrounds	HofOS	15.08.24	10.09.24	09.10.24	28.05.25	27.08.25	Limited	
EEPIC Governance Arrangements	HofP&R	10.10.24	20.11.24	20.11.24	03.07.25			
Payroll	HofP&OD	15.01.25	11.02.25	14.03.25				
Asset Management	HofP&R	16.01.25	04.04.25	09.05.25				
HR Use of Volunteers	HofP&OD	27.02.25	20.03.25	12.05.25	28.08.25			
2025/26 Reviews								
Tree Preservation Orders	HofDM&E	08.11.24	17.01.25	27.05.25	31.07.25	09.09.25	Reasonable	
Car Parking	HofH&C	15.05.25	13.06.25	30.06.25	15.09.25			
Environmental Health – Houses in Multiple Occupation	HofH&C	13.05.25	12.06.25	09.07.25				
Development Management	HofPD	08.05.25	04.06.25	13.06.25	01.08.25	16.09.25	Reasonable	
Climate Change Strategy	HofPD	01.09.25	17.09.25					
Procurement	ADCS	18.07.25						Agreed testing to be undertaken in October

Audit Review	Sponsor	Scoping Held	ToR Issued	Fieldwork Start	Draft Report	Final Report	Assurance Opinion	Comment
HR – Organisational Capacity/Resilience	HofP&OD							Agreed better timing as Q4 to scope as a vacancy management review
Council Tax	DofCS	09.07.25	31.07.25	05.08.25				
National Non-Domestic Rates	DofCS	23.07.25	01.08.25	19.08.25				

8. Adjustment to the Internal Audit Plan 2025-26

Internal Audit focus continues to be proportionate and appropriately aligned. The plan remains fluid and subject to on-going review and amendment, in consultation with the relevant audit sponsors, Senior Management, and Audit and Scrutiny Committee, to ensure internal audit are able to react to new and emerging risks and the changing needs of the Council.

Such amendments to the 2025-26 internal audit plan are detailed below with explanations for the proposed amendments.

	Audit Review	Reason for inclusion in the plan
Additions	None	

	Audit Review	Reason for removal from the plan
Withdrawals	None	

9. Acceptance of Risk

Internal audit reporting protocols are in place to ensure that the scope of work and findings for all assignments are reported appropriately and that agreed management actions are approved by senior management.

Every effort will be made to resolve disagreements that may arise during the audit process. However, if, unresolved issues are considered by internal audit to fall outside of the Council's risk tolerance, these will be escalated to Senior Management and Audit and Scrutiny Committee as deemed necessary.

There are no such instances to report from our delivery of the 2025–26 internal audit plan to date.

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

Title: Playground Maintenance		
Audit Sponsor	**Assurance opinion**	**Management Actions**
Interim Head of Service - Streetcare	🟡 Limited	🟥 3 High 🟨 3 Medium 🟩 0 Low

Summary of key observations:

Positively, we found that access to the Public Sector Software Live system is restricted to authorised users only, refresher training for users is provider by the software supplier and that photographic evidence of inspections can be uploaded onto the system. We also confirmed that records of post installation inspections for new equipment installed are carried out and clearly recorded. Safety signage is also recorded and subject to inspection.

However, the following areas where the framework of governance, risk management and control could be improved were identified:

- Whilst there is an established process in place regarding inspections and maintenance, there is no policy in place to confirm the current approach. No documented procedures exist for staff to follow and in addition, there is no overall strategy in place to set the direction and objectives of the service.

- For two of the 19 sites we could not find evidence of the annual independent inspection taking place.

- None of the high value equipment is separately listed within the Council's building insurance policy, which the Council's insurer has advised should be.

- Spend on playgrounds cannot be filtered from the wider parks maintenance budget limiting the ability to identify if certain parks are causing any budget pressures.

- Whilst we confirmed that relevant staff carrying out inspections all had up to date Royal Society for the Prevention of Accidents (RoSPA) qualifications, renewal of this qualification is reliant on staff informing the Council of when it is due rather than proactive monitoring of expiry dates being undertaken by the Council.

11. Analysis of 'Live Audit Reviews' (July 2025)

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Agreed			Pending			Complete			Overdue		
				L	M	H	L	M	H	L	M	H	L	M	H
Information Security	30/05/2022	HofICT	Reasonable	2	2	1				1	2	1	1		
Affordable Housing Delivery	03/01/2023	HofH&C	Limited		7	7					6	7		1	
Ethical Governance	11/05/2023	HofP&CR	Reasonable	2	7	2				2	6	2		1	
Risk Management	21/05/2024	ADCS	Reasonable		7						6			1	
Information Governance	07/10/2024	ADCS	Limited	5	4	1				5	2	1		2	
Environmental Health – Food Safety	10/12/2024	HofH&C	No	3	3	5			1	3	3	3			1
Safeguarding	27/03/2025	HofH&C	Reasonable		5			1			4				
Housing Allocations Policy	12/05/2025	HofH&C	Reasonable	5			3			2					
Planning Enforcement	11/07/2025	HoPD	Reasonable		1	1	1								1
Playground Maintenance	27/08/2025	HoPD	Limited		3	3		2	3		1				
Tree Preservation Orders	09/09/2025	HofDM&E	Reasonable		3	1	3	1							
Decision Making & Accountability	11/09/2025	HoL	Reasonable	1	1		1				1				
Development Management	16/09/2025	HoPD	Reasonable	1	2		1				2				
Exempt/Restricted Items				4	25	10		7	1	1	10	5	3	8	4
Total				23	70	31	5	14	6	14	43	19	4	13	6

Annex 1

Overdue 'High Priority' Management Action (July 2025)

Food Safety – No Assurance

Observation:

At present, the Council is not fulfilling it duty to deliver inspections in accordance with the Food Law Code of Practice.

The Food Safety Service Plan has been drafted and proposes only to complete, within a 12-month period, "100% of A and B rated establishments" (of which there are only 24 across the Borough, 2 being A rated) and only "40% of C and D rated establishments" (of which there are 243 in the Borough). The remaining 329 food businesses are either E rated or are presently unrated pending an initial inspection. The Council does not envisage being in a position to complete any of the later inspections.

We were advised that new businesses are provisionally screened based on the information provided at registration. If the activities reported are considered potentially high risk, this is treated as a high-risk business provisionally, and the first inspection is to be performed with priority. For all non-high-risk businesses, based on registration information, these are classed as unrated until they receive their initial inspection. Initial inspection frequency is driven by the provisional risk rating as above. Therefore, those premises considered unrated are those considered to be lower risk.

Whilst this prioritisation may be considered by the Council to be the best use of available resources, it is an acknowledgement that the Council will fail in its duty to have inspected the majority of C and D rated establishments, and all E or unrated businesses.

There are establishments of the lowest risk rating (E) and those "unrated" which were recorded as having last been inspected so far back as 2010, and a much larger amount that have not been inspected in the last 5 years or not at all (particularly low-rated newly registered businesses). We are advised that these E rated businesses have been permitted (by the Council) to self-assess in the absence of an actual regulatory inspection, whilst resources are focused on those of higher risk.

Currently, in total, of 596 businesses across the Borough, 171 (28%) are overdue inspections and 122 (16%) have not yet been inspected at all. This does also not account for "re-inspections" that may be due.

Risk: If the Council does not complete its inspections, it is failing to meet its core statutory obligation.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
Recruit an additional qualified and competent EHO or food safety officer.	31/03/2025	**31/03/2026**	No suitably qualified candidates applied for the vacancy associated with national shortage of Environmental Health Practitioners. Position being filled by agency at present.

Planning Enforcement – Reasonable Assurance

Observation:

In the 2023/24 internal audit it was found that there was no documented guidance to set out the expectations of management regarding the administration of planning enforcement cases and the evidence required to support action taken, or on where the supporting evidence should be retained. At the time of this review, it was discussed with the Planning Development and Enforcement Manager to find that although a manual has been started (November 2024) it has yet to be signed off and completed. Further to this, we tested a sample of enforcement complaints which had gone through the appeals process to ensure that when an appeal is processed, assessment and evidence has been retained and signed off within Uniform. However, we were advised by the Enforcement Officer, that there had been some inconsistencies related to sending notifications to the stakeholders involved in the appeals process, and that the current process therefore requires an update. We understand that this is known and is planned to be resolved, but at the time of our review had not yet been completed.

Risk: Misunderstanding of how and when to complete activities within the end-to-end enforcement process will cause inconsistencies, error and delay.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
An Enforcement Manual is currently being drafted and will be completed shortly. The Manual will include details of how to deal with appeals.	11/07/2025	**31/08/2025**	Finalisation of Enforcement Manual is progressing slower than hoped due to other commitments.

Overdue 'Low & Medium Priority' Management Actions (July 2025)

Audit Review	Report Date	Opinion	Priority		Due Date	Revised Due Date
			Low	**Medium**		
IT Information Security			Low		31/12/2022	30/05/2024 01/09/2024 31/12/2024 28/02/2025 28/03/2025 **31/08/2025**
Affordable Housing Delivery	03/01/2025	Limited		Medium	31/12/2024	31/12/2026 **30/04/2026**
Ethical Governance				Medium	31/07/2023	30/06/2024 30/09/2024 31/03/2025 **30/09/2025**
Risk Management	21/05/2024	Reasonable		Medium	31/11/2024	31/03/2025 31/08/2025 **30/09/2025**
Information Governance	07/10/2024	Limited		Medium	31/12/2024	31/03/2025 **31/08/2025**
				Medium	31/10/2024	31/03/2025 31/07/2025 **30/09/2025**
Total			**1**	**5**		

Southern Internal Audit Partnership - Performance Measures

Performance Measure	Regularity	Target	Actual 25/26	Status	Direction of Travel
1. **Percentage of the agreed audit plan completed (issue of draft / final report)**	Ongoing	90%	33% *		n/a
2. **Audits delivered within agreed timescales (% year to date)**					
o To issue of draft report	Ongoing	80%	67% *		n/a
o To issue of final report	Ongoing	80%	50% *		n/a
3. **Conformance with the Global Internal Audit Standards in the UK Public Sector**	Annual	Conforms	Conforms**		⟷
4. **Audits conducted optimising the effect use of data analytics (% year to date)**	Ongoing	60%	60% *		⟷
5. **Stakeholder satisfaction (annual survey)**					
o Audit Committee		90%	99%		⬆
o Senior Management	Annual	90%	99%		⬆
o Key Contacts		90%	97%		⬆
6. **Internal audit effectively communicates with key stakeholders**					
o Audit Committee		90%	99%		n/a
o Senior Management	Annual	90%	99%		n/a
o Key Contacts		90%	97%		n/a
7. **Sufficiency of input to and discussion of the internal audit plan**					
o Audit Committee		90%	97%		n/a
o Senior Management	Annual	90%	98%		n/a
8. **Appropriate focus on key risks**					
o Audit Committee		90%	97%		n/a
o Senior Management	Annual	90%	100%		n/a
o Key Contacts		90%	97%		n/a

* Cumulative through the year

** Any external quality assessment undertaken under the Public Sector Internal Audit Standards remains valid for the duration of the successive five years (from the date it was undertaken). The Southern Internal Audit Partnership will be commissioning an external quality assessment against the Global Internal Audit Standards in the UK Public Sector during 2025.

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EXCLUSION OF PRESS AND PUBLIC

Under Section 100(A)(4) of the Local Government Act 1972, the Committee may pass a resolution to exclude the press and public from the Meeting on the grounds that the business involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act (as amended) and that pursuant to paragraph 10 of Part 2 of the said Schedule 12A the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

The following document is included on the private agenda pack and has not been published publicly:

Item 15 – Internal Audit: Progress Report – Appendix 2
The report deals with information relating to the financial or business affairs of the Council.

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