

Internal Audit Plan

2019-20 / 2021-22

Epsom & Ewell Borough Council



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

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Introduction

The role of internal audit is that of an:

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

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

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

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

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

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

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

Your Internal Audit Team

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

Conformance with internal auditing standards

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

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

In considering all sources of evidence the external assessment team concluded:

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

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

Conflicts of Interest

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

Corporate Plan 2016 - 20

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



Council Risk

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

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

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

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

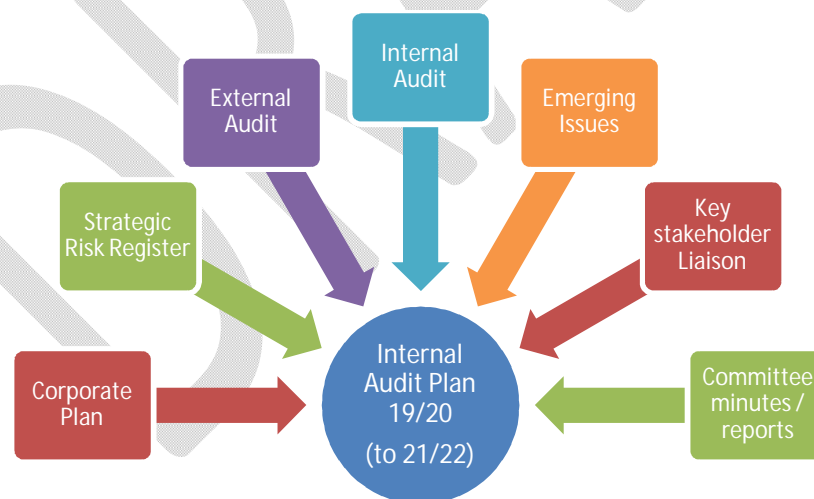
We have used various sources of information and discussed priorities for internal audit with the following groups:

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

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

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

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



Internal Audit Plan

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

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

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

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

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

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

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