

Internal Audit Plan

2020/21 - 2022/23

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 Senior Management Team and Audit Sponsors, to ensure it continues to reflect the needs of the Council. Amendments to the plan will be identified through the Southern Internal Audit Partnership’s continued contact and liaison with those responsible for the governance of the Council.

Your Internal Audit Team

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

Conformance with internal auditing standards

The Southern Internal Audit Partnership service is designed to conform to the Public Sector Internal Audit Standards (PSIAS). Under the PSIAS there is a requirement for audit services to have an external quality assessment every five years. In September 2020, the Institute of Internal Auditors were commissioned to complete an external quality assessment of the Southern Internal Audit Partnership against the PSIAS, Local Government Application Note and the International Professional Practices Framework.

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

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.'

Conflicts of Interest

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

Four Year Plan 2020 - 2024

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



Council Risks

The 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	Financial impact of Covid and the Recovery will result in dramatic loss of income. Including loss of income from commercial tenants
L2	Council Resilience and disruption to services
L3	Delivering and implementing the Local Plan and the 5-year land supply
L4	Organisational Capacity and failure to deliver the four year plan and Vision
L5	Failure to provide adequate health and safety and Covid secure
L6	Failure to deliver stability, substantial and complex changes, and systems with supporting additional home working
L7	Impact of proposed devolution by Surrey County Council
L8	Impact of a local lockdown of second wave
L9	EU Transition or other emergency such as winter pressures
L10	Impact on economic growth within the Borough

*Leadership Risks as per the Leadership Risk Register – as per latest draft September 2020

Developing the internal audit plan 2020/21 – 2022/23

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

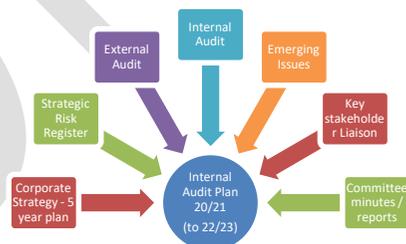
- Leadership Team
- Chief Finance Officer (S151)
- Heads of Service
- Audit, Crime & Disorder and Scrutiny Committee
- Other key stakeholders

Based on conversations with key stakeholders, review of key corporate documents and our understanding of the organisation, the Southern Internal Audit Partnership developed an annual audit strategy for 2020-21 / 2022-23 in March (pre COVID-19) for approval by the Audit, Crime & Disorder and Scrutiny Committee at its meeting on 9 April 2020, however, due to the unprecedented consequences of the COVID-19 pandemic this meeting was cancelled.

The scale of COVID-19 coupled with the speed of its impact and the wide-ranging challenges presented has necessitated new and different ways of working across the Council. Such challenges and subsequent resolutions bring with them new and emerging risks that management need to consider, manage, and mitigate. In response, the Southern Internal Audit Partnership has engaged with the Council's Leadership Team to reprioritise the originally drafted audit plan to provide assurance in respect of emerging key risk areas and these are detailed within the section 'Adjustments to the 2020-21 Audit Plan' (page 16).

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	2020-21	2021-22	2022-23
Corporate						
Programme & Project Management	Assurance over project management framework and compliance in relation to delivery of live / ongoing projects. Include the new cemetery project.	L3, L4	2018-19 2015-16	Q2		
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, exit strategies, hosting arrangements, accountability.	L6				✓
Financial Resilience	Impact of COVID, reassessment of financial risks and impact of assumptions in the MTFS	L1, L4, L8, L9, L10		Q4		
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.	L1	2019-20 2018-19 2017-18 2015-16			✓
Governance						
Contract Management	Review of contract management arrangements and compliance across a selection of contracts in place.		2019-20 2018-19 2017-18		✓	

Audit	Risk / Scope	Strategic / Service Risk	Previous IA Coverage	2020-21	2021-22	2022-23
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, L4, L6	2019-20 2018-19 2015-16		✓	
COVID-19: Business Support Grants	Assurance over the processes and due diligence to support the award of small business support grants in response to COVID 19 pandemic			Q2		
Local Government Compensation Scheme (LGCS)	To review the methodology applied and sample check the accuracy of the three submissions to Central Government for the LGCS.			Q3		
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.		2019-20 2016-17			✓
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.)		2019-20 2015-16			✓

Audit	Risk / Scope	Strategic / Service Risk	Previous IA Coverage	2020-21	2021-22	2022-23
Health & Safety	Assurance over responsibilities to staff whilst home working, effective allocation of PPE, social distancing in the workplace, preparedness for staff returning to the workplace, HSE assessments.	L5	2018-19	Q2		
Other COVID Funding / Market Underwriting	Process, due diligence and impact of payments to providers despite reduced or ceased services. Assurance over processes in place for the dissemination of other sources of COVID 19 funding	L1		Q4		
COVID-19: Emergency Response & Recovery	Lessons learnt from the Council's response to the COVID pandemic and assurance over the governance and recovery actions in place to return to business as usual.	L1, L2, L4, L8		Q2		
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. 	L2, L8	2017-18			✓
Information Governance	Assurance over information governance arrangements to include FOI, SAR, Transparency and General Data Protection Regulation (GDPR).		2019-20 2017-18 2015-16			✓
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.			Q3		
Ethical Governance	Evaluation of the design, implementation and effectiveness of EEBC's ethics-related objectives, programmes and activities.				✓	

Audit	Risk / Scope	Strategic / Service Risk	Previous IA Coverage	2020-21	2021-22	2022-23
Capital Programme	Assurance over the delivery of the Capital Programme.		2019-20 2015-16			✓
Annual Governance Statement	Cyclical assurance over the governance arrangements to compile, contribute and deliver the AGS.				✓	
Core Financial Reviews						
Housing Benefits		L1	2017-18	Q3		
Council Tax		L1	2017-18		✓	
NNDR		L1	2017-18		✓	
Accounts Payable			2016-17	Q3		
Accounts Receivable / Debt Management	Programme of cyclical systems reviews	L1	2019-20			✓
Main Accounting			2019-20 2016-17			✓
Treasury Management			2018-19		✓	
Income Collection		L1	2018-19		✓	
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	Q3		
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.					✓
Data Management	Review of data centre facilities and security including storage and back-up. To also consider database management. To be combined with ITBCP.			Q4		

Audit	Risk / Scope	Strategic / Service Risk	Previous IA Coverage	2020-21	2021-22	2022-23
Cyber Security	Review of cyber security arrangements (including Phishing, Smishing etc.), security controls (including remote access) against the Cyber Essentials Scheme. Focus on vulnerabilities of home working and interim arrangements enforced through response to COVID 19.			Q2		
Information Security	Review of cyber security arrangements, security controls (including remote access) and cloud storage. To also consider network security and infrastructure management.		2017-18		✓	
System Development & Implementation	Systems Life Cycle, Project Management and Application Management.				✓	
IT Business Continuity	Disaster recovery, system resilience. To be combined with Data Management	L2		Q4		
Networking & Communications	Virtualisation, operating system management					✓
Payment Card Industry Data Security Standard	Compliance to meet industry standards		2016-17 2015-16			✓
Green and Vibrant						
Operational Services	To review arrangements for refuse collection, recycling & street cleansing.				✓	
Environmental Health	To review regulatory activities including animal control, food safety, pollution control, contaminated land, enforcement. To include Private Sector Housing.				✓	
Parking & Enforcement	Maintenance of car parks, permits and enforcement.		2016-17	Q4		
Climate Change	Review of Climate Change Strategy and progress against the accompanying action plan.			Q4		

Audit	Risk / Scope	Strategic / Service Risk	Previous IA Coverage	2020-21	2021-22	2022-23
Air Quality Monitoring	Responsibility to review and assess current and future air quality within the borough in compliance with the National Air Quality Strategy.		2019-20			✓
Opportunity and Prosperity						
Economic Development	Review delivery including processes and outcomes against the Economic Development Strategy.					✓
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	2019-20 2017-18			✓
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, L10	2019-20			✓
Safe and Well						
Homelessness	Assurance over management and prevention of homelessness. Properties acquired to alleviate B&B costs and Private Sector Lease scheme in place. 20/21 review to focus on the Homelessness Prevention – Action Plan.		2019-20 2018-19 2017-18	Q3		
Disabled Facilities Grants	Administration and compliance with local / legislative requirements.			Q2		
Cemeteries	Provision of grave spaces, internment and memorials. Fee generating service (circa £400k). Recently acquired additional land to increase capacity and expand.				✓	

Audit	Risk / Scope	Strategic / Service Risk	Previous IA Coverage	2020-21	2021-22	2022-23
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'.		2018-19 2017-18 2016-17	Q1		
Building Control	In-house team with inherent risks of capacity, resilience and competition from the market. To consider governance, deliverables, billing and outcomes.		2019-20			✓
Community Safety	Response to community safety and anti-social behaviour. To include PREVENT, Community Safety Partnership, and community funding and grants.		2018-19	Q4		
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.		2019-20		✓	
Licensing	To include Taxi's, gambling, alcohol, entertainment etc. issue and enforcement				✓	
Culture and Creative						
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.					✓
Effective Council						
Investments	Assurance over the governance, accountabilities, viability and outcomes of Property Investment Company (EPIPIC).	L1	2018-19 2017-18			✓
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, L4			✓	

Audit	Risk / Scope	Strategic / Service Risk	Previous IA Coverage	2020-21	2021-22	2022-23
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		✓	
Smart and Connected						
Digital / Transformation	To enable improved and more effective services focusing on 'channel shift' as opposed to AI / robotics.	L6			✓	
Mobile Working	Initiatives to promote agile working.	L6				✓
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

Adjustments to the 2020-21 Audit Plan

Plan Variations for 2020/21	
Removed from the plan	Reason
Financial Sustainability	Replaced with Financial Resilience review for 2020/21.
Income Collection	Removed on the basis that Parking & Enforcement is already within the plan which is a key source of income.
Information Security	Replaced with the Cyber Security review for 2020/21 due to COVID risks.
Operational Services	Removed from the plan due to significant pressures on the service. Replaced with the Local Government Compensation Scheme review.
Investments	Replaced with Financial Resilience review for 2020/21.
Service Delivery Plans	Removed from the plan to allow for new audit areas due to COVID risks.
Fees and Charges	Removed from the plan to allow for new audit areas due to COVID risks.
Added to the plan	Reason
Business Support Grant	Prioritised due to implications of COVID-19.
Other COVID Funding / Market Underwriting	Prioritised due to implications of COVID-19.
COVID – Emergency Response & Recovery	Prioritised due to implications of COVID-19.
Cyber Security	Prioritised due to implications of COVID-19.
Financial Resilience	Prioritised due to implications of COVID-19.
Local Government Compensation Scheme (LGCS)	Included within the plan at the request of the Chief Finance Officer to review the methodology applied and sample check the accuracy of the three submissions to Central Government for the LGCS.