



# EPSOM AND EWELL BOROUGH COUNCIL

## Internal Audit Progress Report

Audit, Crime & Disorder and Scrutiny  
Committee Meeting

January 2016



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# 1 INTRODUCTION

The Internal Audit Plan for 2015/16 was approved by the Committee in Date 9 April 2015. This report provides a summary update on progress against that plan and summarises the results of our work to date.

## 2 REPORTS CONSIDERED AT THIS AUDIT COMMITTEE

This table informs of the audit assignments that have been completed and the impacts of those findings since the last Audit Committee held.

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

Assignment		Advisory actions agreed
Project Management Advisory review (9.15/16)	Advisory	7
Contract Management Advisory Review (10.15/16)	Advisory	7

Assignment	Opinion issued	Actions agreed		
		H	M	L
Property Maintenance 7.15/16	Amber/Red	1	1	2

Details of the Property Maintenance findings are at Appendix B.

In addition we have completed our advisory review of CRM: Support Knowledge Transfer, and management have agreed to findings and are working on an action plan to take the matters raised forward.

## 2.1 Impact of findings to date



To date there are no areas that we need to bring to your attention as adversely impacting on our annual opinion.

Overall the level of findings and recommendations is low and management actions are being responded to in a timely manner.

## 2.2 Themes arising from our findings

The table below shows the issues we have flagged to date in our reports this year, and the underlying causes of the control weaknesses.

Root cause	High	Medium	Low
Policies and / or procedures out of date	1	6	4
Non-compliance with policies / procedures	-	3	1
Poor design of the control framework	3	5	5
Lack of training / awareness for staff	1	2	4
Lack of or poor management or performance information	-	1	3
Lack of segregation of duties	-	-	-
Poor record keeping	-	-	4

### 3 LOOKING AHEAD

Assignment area	Timing per approved IA plan 2015/16	Status
Car Park Income (11.15/16)		Draft Report Issued 16 December 2015
Income from recycling: green waste	Quarter 2	Deferred to December 2015 at management request
Income from car parking	Quarter 2	Fieldwork underway
Capital accounting and asset management	Quarter 3	
Facilities Management	Quarter 3	Moved to quarter 4, and combined with risk management, governance and procurement. To be undertaken by contract specialist.
Data Quality	Quarter 3	
Payroll	Quarter 3	
IT Audit	Quarter 3	
Performance Management and Delivery of Corporate Plan	Quarter 4	
Risk Management	Quarter 4	As above
Governance	Quarter 4	As above
Procurement	Quarter 4	As above
Fleet Management	Quarter 4	

## 4 OTHER MATTERS

### 4.1 Changes to the audit plan

There is one change to the audit plan to date which is the merger of facilities management, risk management, governance and procurement into one audit focusing on the governance, risk management of the facilities management.

### 4.2 Added value work

Area of work	How this has added value
Our audit of project management and contract management were undertaken by a specialist in this area.	Our audit has provided the Council with a greater level of skill in these areas which has resulted in areas for management attention which may not otherwise have been determined. These reports are currently in draft for management review.

We have undertaken the following added value work since the previous meeting of the Committee.

### 4.3 Key performance indicators (KPIs)

Delivery	Quality			Notes (ref)	Quality	Quality		
	Target	Actual	Notes (ref)			Target	Actual	Notes (ref)
Audits commenced in line with original timescales	Yes	Yes	1	Conformance with PSIAS and IIA Standards	Yes	Yes	-	
Draft reports issued within 10 days of debrief meeting	100%	75%	2	Response time for all general enquiries for assistance in 2 working days	100%	100%	-	
Final report issued within 3 days of management response	100%	100%	-	Response for emergencies and potential fraud	1 working day	N/A 100%	-	
<b>Notes</b>								
1 – Dates have been changed at the request of management								
2 – Reports were delayed earlier in the year. Delays now addressed.								



# APPENDIX A: INTERNAL AUDIT ASSIGNMENTS COMPLETED TO DATE

Assignment	Opinion issued	Actions agreed		
		H	M	L
Attendance (1.15/16)		-	1	1
Recruitment (2.15/16)		-	1	5
Review of Anti-fraud and Anti-bribery Arrangements (2013/14) (3.15/16)	Advisory	1	5	3
Cash Handling (4.15/16)		1	3	2
Venues (5.15/16)		-	1	1
Information Governance (6.15/16)		-	2	8
PCI Compliance Control Framework (8.15/16)		3	6	-

## APPENDIX B: EXECUTIVE SUMMARIES

<b>Assignment: Property Maintenance (7.15/16)</b>	<b>Opinion:</b>	Green	
<p>The key findings from this review were as follows:</p> <ul style="list-style-type: none"> <li>a) As part of the budget setting for 2015/16 it was reported to the Strategy and Resources Committee that the future maintenance costs were unsustainable. These were expected to range from £750k to £1m pa. In response the Corporate Property Group is reviewing the property portfolio with a view to reducing the Council's future liabilities. We recommend they develop a plan for how they will bring liabilities in line with what can be afforded within the Medium Term Financial Strategy.</li> <li>b) Condition surveys were procured in 2013 for the five main properties. The programme of maintenance for 2015/16 was based on a review of investment needs by the Senior Building Surveyor and the former Director of Operations, based on their knowledge of the properties and the priorities for their future use. This is being refreshed for 2016/17. It identifies the estimated cost of work required for each element of each building each year. It does not provide detail in terms of sub-elements or the work required.</li> <li>c) The Strategy and Resources Committee is provided with an annual report on planned maintenance completed together with the programme and budget for the following year. We considered a sample of work identified in the condition survey and investment needs programme. We confirmed that these have been reported as completed or included in the programme for 2015/16. We discussed exceptions with the Senior Building Surveyor who advised that these were excluded because they could not be justified on the basis of spend to save criteria or planned changes to the property portfolio.</li> <li>d) We confirmed that regular meetings are held with Keir, however reports provided by Keir do not set out what statutory work has been carried out by them and there is no verification of work done by EEBC.</li> </ul>			
	Agreed Management Action	Implementation Date	Manager Responsible
1	As planned, the Senior Building Surveyor will complete the programme of property investment needs for the 10 years from 2016/17, in order to ensure projected maintenance costs are identified to the Corporate Property Group. (Low)	31 March 2016	Tony Foxwell– Senior Building Surveyor / Corporate Property Group
2	The Senior Building Surveyor will include a budget growth bid for condition surveys to buildings not already covered when spending restrictions allow and property disposals are completed. (Low)	31 March 2015	Tony Foxwell– Senior Building Surveyor / Corporate Property Group
3	The Corporate Property Group to prepare a plan for ensuring maintenance needs of retained properties can be met within the Medium Term Financial Strategy by a programme of disposal or transferring responsibility for maintenance. (High)	31 March 2016	Tony Foxwell– Senior Building Surveyor / Corporate Property Group

4	The Senior Surveyor to ask Keir to provide a routine report of the statutory work carried out for each quarterly meeting and to set up a process of verification of the work on a sample basis. (Medium)	30 November 2015	Tony Foxwell – Senior Building Surveyor
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# FOR FURTHER INFORMATION CONTACT

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