

Internal Audit Plan

2022/23

Epsom & Ewell Borough Council



**Southern Internal
Audit Partnership**

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Introduction

The role of internal audit is that of an:

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

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

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

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

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

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

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

Your Internal Audit Team

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

Conformance with internal auditing standards

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

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

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

'It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles. We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN). We are pleased to report that SIAP conform with all relevant, associated elements.'

Conflicts of Interest

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

Four Year Plan 2020 - 2024

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



Council Risks

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

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

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

Developing the internal audit plan 2022/23

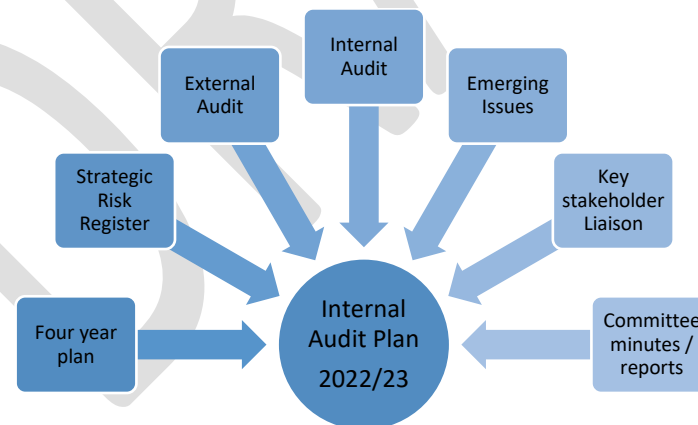
We have used various sources of information and discussed priorities for internal audit with the following groups:

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

Based on these conversations with key stakeholders, review of key corporate documents and our understanding of the organisation, the Southern Internal Audit Partnership have developed an annual audit plan for 2022/23.

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

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



Internal Audit Plan

Audit Review	Audit Sponsor	Indicative Scope	Strategic Risks	Previous IA Coverage	Proposed Timing
Corporate					
Financial Resilience/Savings Realisation		Reassessment of financial risks and impact of assumptions in the MTFS (income, reserves, investments). To assess realisation of savings if applicable.	S1, S4, S7	2021/22 2020/21	Q4
Governance					
Contract Management		Review of contract management arrangements and compliance across a selection of contracts in place.	S2	2019/20 2018/19 2017/18	Q1
Procurement		Assurance over the effective identification and assessment of organisational needs to maximise value for money and efficiencies through procurement. Assurance over compliance with contract procedure rules and legislative requirements.	S2	2019/20 2016/17	Q3
Business Continuity & Emergency Planning		Assurance over planning for extreme events that may lead to delays in responding to situations resulting in increased costs and staff resources including: <ul style="list-style-type: none"> Business Continuity Plan Emergency Plan. 	S2, S4, S6, S10	2020/21 (COVID response) 2017/18	Q4
Human Resources & Organisational Development		Weak or ineffective internal control leading to financial loss resulting in damage to the Council's reputation and adverse publicity. Assurances over the audit cycle: <ul style="list-style-type: none"> Performance Management 	S2, S4	2021/22 2019/20 2018/19	Q4

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

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