



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

**EPSOM & EWELL BOROUGH COUNCIL
INTERNAL AUDIT PROGRESS REPORT 2022-23**

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1. Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body 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 standards for ‘proper practices’ are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].

The role of internal audit is best summarised through its definition within the Standards, as 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 organisations’ objectives.

2. Purpose of report

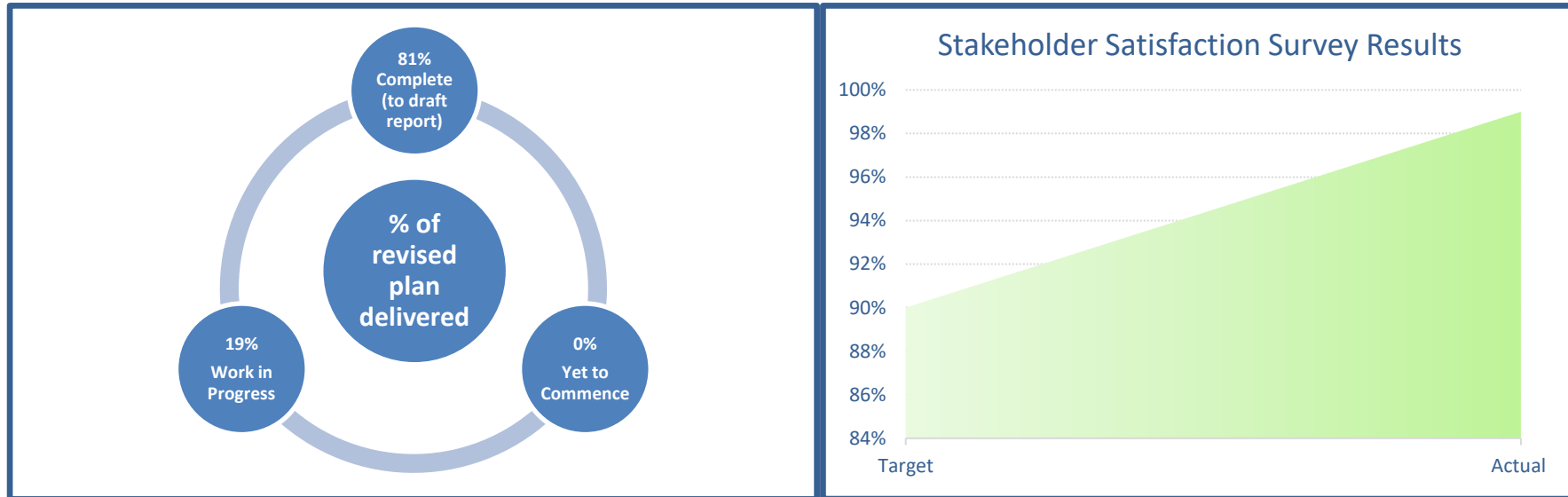
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to 'Senior Management' and 'the Board', summarising:

- The status of 'live' internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor's annual opinion.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. The 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.

3. Performance dashboard



Compliance with Public Sector Internal Audit Standards

An External Quality Assessment of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020. The report 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.'


4. Analysis of 'Live' audit reviews


Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Actions*	Not Yet Due	Complete	Overdue		
							L	M	H
Accounts Payable	18/05/2021	CFO	Reasonable	6(0)	0(0)	5(0)	1		
HR & OD Performance Management	20/05/2022	HofHR&OD	Limited	11(7)	0(0)	8(6)		2	1
Data Management	30/05/2022	HofIT	Limited	7(5)	0(0)	6(5)		1	
Health and Safety	30/05/2022	HofP&CR	Limited	11(2)	0(0)	7(1)		3	1
Information Security	30/05/2022	HofIT	Reasonable	5(1)	0(0)	3(1)	1	1	
Information Governance	30/05/2022	HofP&CR	Limited	10(3)	1(0)	7(3)		2	
Environmental Health	06/06/2022	HofH&C	Reasonable	4(1)	0(0)	1(0)	1	1	1
Community, Health and Wellbeing	22/06/2022	HofH&C	Limited	4(0)	0(0)	0(0)		4	
Local Plan	29/06/2022	HofPD	Reasonable	4(2)	0(0)	3(2)		1	
Operational Services	01/11/2022	HofOS	Reasonable	4(3)	0(0)	2(1)			2
Contract Management	16/11/2022	HofP&CR	Reasonable	3(0)	0(0)	2(0)		1	
Affordable Housing Delivery	03/01/2023	HofH&C	Limited	14(7)	2(1)	12(6)			
Investments	28/02/2023	HofP&R	Reasonable	2(0)	2(0)	0(0)			
Council Tax	02/02/2023	HofF	Reasonable	1(0)	1(0)	0(0)			
NNDR	10/03/2023	HofF	Substantial	1(0)	1(0)	0(0)			
Development Management - CIL	22/03/2023	HofPD	Limited	11(3)	5(0)	3(3)		3	
Ethical Governance	11/05/2023	HofP&CR	Reasonable	11(2)	10(2)	1(0)			
Emergency Planning	02/06/2023	HofP&CR	Reasonable	3(0)	3(0)	0(0)			
Network Management	05/06/2023	HofIT	Limited	10(3)	10(3)	0(0)			
Procurement	15/06/2023	ADofCS	Reasonable	4(0)	4(0)	0(0)			
Savings Realisation Governance	22/06/2023	HofF	Reasonable	2(0)	2(0)	0(0)			
Total				128(39)	41(6)	60(28)	3	19	5

*Total number of actions (total number of high priority actions)

5. Executive Summaries of reports published concluding a ‘Limited’ or ‘No’ assurance opinion

There have been two new reports published concluding a “limited” assurance opinion since the last progress report.

Development Management - CIL		
Audit Sponsor	Assurance opinion	Management Actions
Head of Place Development	 Limited	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: green; color: white; padding: 5px; text-align: center;">Low 0</div> <div style="background-color: yellow; padding: 5px; text-align: center;">Medium 8</div> <div style="background-color: red; color: white; padding: 5px; text-align: center;">High 3</div> </div>
<p>Summary of key observations:</p> <p>This review sought assurance that CIL contributions were identified, collected and accounted for in line with CIL Regulations, and were allocated to appropriate projects in line with identified Council infrastructure needs. Positively, CIL guidance and process were well communicated and in accordance with the Regulations, however, sample testing of planning applications liable for CIL highlighted some inconsistencies with retention of documentation and recording of acknowledgement of receipt as required by the Regulations.</p> <p>The way in which the neighbourhood portion of CIL is allocated does not fulfil the requirements of the CIL Regulations. Additionally, the Council has placed arbitrary restrictions on the amount of CIL that can be allocated in each year and on the value of projects that can be considered for CIL funding, which is also outside of CIL Regulations.</p> <p>The current arrangements for the approval of expenditure funded by the 80% strategic portion were not in line with the governance structure that was originally approved by the Strategy and Resources Committee in 2015.</p> <p>Our review of the Infrastructure Funding Statement for 2021/22 confirmed that the report had been published in accordance with the timescales and specifications of the CIL Regulations, however, some anomalies were identified in the figures in the tables published.</p> <p>For two developments out of our sample tested, we found a discrepancy with the indexation figure added. Additionally demand notices were not being treated consistently or in a timely manner.</p> <p>The Planning Policy Manager does not receive aged debt reports from Finance to enable them to follow up outstanding CIL debts, nor do they have access to the Finance system. As at January 2023, CIL aged debt (over 30 days old) stood at £303,306.97.</p>		

Network Management		
Audit Sponsor	Assurance opinion	Management Actions
Head of IT	 Limited	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: green; color: white; padding: 5px; text-align: center;">Low 0</div> <div style="background-color: yellow; padding: 5px; text-align: center;">Medium 7</div> <div style="background-color: red; color: white; padding: 5px; text-align: center;">High 3</div> </div>
Summary of key observations:		
Please see separate report.		

6. Planning & Resourcing

The internal audit plan for 2022-23 was presented to the Senior Management Team and the Audit & Scrutiny Committee in April 2022.

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 within section 7.

7. Rolling Work Programme

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
2021/22 reviews								
Corporate Cross Cutting								
Operational Services (Refuse/Recycling/Street Cleansing)	HofOS	✓	✓	✓	✓	✓	Reasonable	
Housing (Affordable Housing Delivery)	HofH&C	✓	✓	✓	✓	✓	Limited	
Local Plan	HofPD	✓	✓	✓	✓	✓	Reasonable	
Community Health & Wellbeing	HofH&C	✓	✓	✓	✓	✓	Limited	
Follow Up	Various	✓	✓	✓	✓	✓	n/a	
2022/23 reviews								
Corporate								
Savings Realisation - Governance	CFO	✓	✓	✓	✓	✓	Reasonable	
Governance								
Contract Management	ADofCS	✓	✓	✓	✓	✓	Reasonable	
Risk Management	ADofCS	✓	✓	✓	✓	✓	n/a	Position statement.
Procurement	ADofCS	✓	✓	✓	✓	✓	Reasonable	
Emergency Planning	ADofCS	✓	✓	✓	✓	✓	Reasonable	
Human Resources & OD - Recruitment	HofHR&OD	✓	✓	✓				Close of audit meeting held. Report pending.
Ethical Governance	ADofCS	✓	✓	✓	✓	✓	Reasonable	
Information Technology								
Network Management	HofIT	✓	✓	✓	✓	✓	Limited	
IT Business Continuity & Disaster Recovery – Follow Up	HofIT	✓	✓	✓	✓	✓	n/a	

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Core Financial Reviews								
NNDR	HofF	✓	✓	✓	✓	✓	Substantial	
Council Tax	HofF	✓	✓	✓	✓	✓	Reasonable	
Accounts Receivable/Debt Management	CFO	✓	✓	✓				Close of audit meeting held. Report pending.
Main Accounting	CFO	✓	✓	✓				Fieldwork commenced in May 2023 at the request of the client. Review to be incorporated within the 2023/24 Annual Report.
Corporate Priorities								
Development Management – CIL	HofPD	✓	✓	✓	✓	✓	Limited	
Investments	HofP&R	✓	✓	✓	✓	✓	Reasonable	
EWDC Conservators Account	CFO	✓	✓	✓	✓	✓	n/a	

Audit Sponsor

ADofCS	Acting Director of Corporate Services	ADofEHR	Acting Director of Environment, Housing &
HofPD	Head of Place Development	HofOS	Head of Operational Services
HofHR&OD	Head of HR and OD	HofP&R	Head of Property & Regeneration
CFO	Chief Finance Officer	HofF	Head of Finance
HofLS	Head of Legal Services & Monitoring Officer	HofIT	Head of IT
HofH&C	Head of Housing & Community	HofP&CR	Head of Policy & Corporate Resources (vacant)

8. Adjustment to the Internal Audit Plan

There have been the following amendments to the 2022/23 internal audit plan:

Plan Variations	
Added to the plan	Reason
Risk Management	Following an internal audit review of risk management during 2021/22 in which a limited assurance opinion was concluded, the Chairman and Vice Chairman of the Audit & Scrutiny Committee were keen for early internal audit oversight of the revised Risk Management Strategy prior to its presentation to the Audit & Scrutiny Committee later in the year. This piece of work has been undertaken as a consultancy engagement rather than a risk-based assurance review.
Removed from the plan	Reason
Building Control	Defer to allow the new service arrangements with Elmbridge Borough Council to embed.
Systems Development	Due to capacity issues within the IT team to accommodate the review.
Homelessness	A recent DLUCH review was carried out in this area with an action plan in place. To be included within the 2023/24 plan to provide assurance over the implementation and monitoring of the action plan.

Overdue 'High Priority' Management Actions

HR & OD Performance Management – Limited Assurance			
<p>Observation: The Performance Management Policy confirms that Managers have the autonomy to decide how often My Performance Conversations meetings should be conducted but as a guide they should be at least every 4-8 weeks. Audit testing of a sample of eight managers identified that none were achieving the expected frequency for holding the My Performance Conversation meetings, with the nearest being every 3 months.</p>			
Management Action	Original Due Date	Revised Due Date	Latest Service Update
Conduct a survey of new starters post April 2022 to understand how they are settling in and whether they have clear goals/objectives set and a PDP set out.	30.06.2022	30.09.2023	Survey questions have been prepared with a view to meeting with new starters. As at 31/05/2023 it has not been possible to move forward with this action due to recruitment difficulties and long-term sickness absence in the HR team. This action will be progressed as a priority once staffing levels in the HR team have been stabilised.

Environmental Health – Reasonable Assurance			
<p>Observation: We confirmed that the terms of references for meetings of the Environment and Safe Communities Committee includes a monitoring role for environmental health services. From our review of minutes between January 2020 and January 2022 we found that no reports were made to the Committee to highlight the performance, issues or risks facing the service.</p>			
Management Action	Original Due Date	Revised Due Date	Latest Service Update
The service will explore Member expectations in respect of this area with a view to producing content for review if desired.	31.10.2022	31.08.2023	The KPIs have been identified and will be presented to the two Chairs (Environment and Safe Communities Committee and Community and Wellbeing Committee) in July as well as SMT and CMT in August 2023.

Health and Safety – Limited Assurance**Observation:**

There are clear accountabilities within the Health, Safety and Welfare Policy for managers to assume responsibility for instruction, training, completing risk assessments etc. However, within the policy there remains an emphasis on the Corporate Health and Safety Group to:

- monitor the extent of compliance with the Council’s Health and Safety policies and procedures.
- consider and make recommendations for Health and Safety training for all staff and monitor effectiveness.
- agree corporate health and safety standards which satisfy statutory requirements and/or industry best practice and monitor their implementation, for example frequency of fire risk assessments, fire drills, health and safety training etc.

The relative membership of the Health & Safety Group does enable positive provision of a degree of first line reassurance in key areas Health & Safety compliance, however, there is less evidence of second line assurance to substantiate compliant behaviours across the organisation.

It is acknowledged that the Corporate Assurance team have a schedule of planned periodic assurance checks of services and venues across the Council and that since the new Corporate Health and Safety Officer joined the authority in November 2021 some meetings have been rolled out, however, at the time of our review this process was still in its infancy and had yet to be fully embedded.

The Health and Safety Officer attends the Corporate Health and Safety Group and therefore has the opportunity to bring results of assurance checks for discussion moving forwards.

The Health and Safety Policy and the terms of reference for the Corporate Health and Safety Group incorporate responsibility to:

- review and monitor key performance indicators for health and safety, including trends in accidents / incidents.

Whilst there has only been one meeting of the reinstated Health and Safety Group, there was no performance monitoring minuted.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
Complete an initial visit with each relevant location and / or team.	31.10.2022	31.08.2023	The revised due date has been pushed back by two months, as some meeting dates required rearranging due to unforeseen circumstances. A progress update on this action was provided to the (officer) Health & Safety Group in June 2023.

Operational Services – Reasonable Assurance			
Observation: Health declarations for the LGV drivers are only completed at the start of their employment. More regular checks could prompt drivers to consider any health changes that may require further consideration.			
Management Action	Original Due Date	Revised Due Date	Latest Service Update
Follow up health declaration conversation already started with Corporate H&S officer and HR.	31.03.2023	31.07.2023	1) The Continuum system is now rolled out to the drivers. (Completed as at 22 June 2023) 2) The service has purchased an eye test chart, which will be used in all annual refresher training. All refuse and recycling operatives, including drivers, undergo a full day's refresher training each year. This will now include this eyesight test. The service will refer any staff members presenting issues for a full optician's test. (Expected to be completed by 31 July 2023.)
Observation: The service does not currently have a consistent method of ensuring that garden waste is only collected for households that hold a current subscription. 240-litre brown garden waste bins cost £62.70 each per year and there are in the region of 12,000 subscribers. Due to the increasing numbers of subscribers, the original methods of tracking this have become unsustainable and have since ceased, with action being taken instead on a case by case basis as cases with no subscription come to the teams attention. We have been advised that the service has already recognised this risk prior to the audit and have obtained a new electronic in-cab system, which will inform operatives who has a subscription in each road, allowing them to more easily filter out the bins that should not be collected. There has been a delay to the implementation for the garden waste service due to Covid-19 and other service implementation priorities, but it is planned for this to be put in place in 2023.			

Management Action	Original Due Date	Revised Due Date	Latest Service Update
Launch My Council Services module for garden waste.	31.05.2023	30.06.2024	Re-scheduled for development after launch of main waste collections module as agreed with Head of Operational Services. There are some technical issues with the main module which the supplier is working on to correct. Once these issues are fixed, testing will commence. This has caused a delay, so work expected to start on the garden waste module towards the end of 2023, subject to the timeline to fix the technical issues, signing off the fixes and fixes being applied to the live system.

Overdue 'Low & Medium Priority' Management Actions

Audit Review	Report Date	Opinion	Priority	Due Date	Revised Due Date
Accounts Payable	18.05.2021	Reasonable	Low	31.12.2021	30.09.2023
HR & OD Performance Management	20.05.2022	Limited	Medium	30.09.2022	30.09.2023
			Medium	30.09.2022	30.09.2023
Data Management	30.05.2022	Limited	Medium	31.03.2023	31.12.2023
Health and Safety	30.05.2022	Limited	Medium	31.10.2022	31.07.2023
			Medium	31.10.2022	30.06.2023
			Medium	30.11.2022	28.12.2023
Information Security	30.05.2022	Reasonable	Medium	30.09.2022	07.08.2023
			Low	31.12.2022	07.08.2023
Information Governance	30.05.2022	Limited	Medium	30.09.2022	31.07.2023
			Medium	23.12.2022	31.07.2023
Environmental Health	06.06.2022	Reasonable	Medium	31.10.2022	31.08.2023
			Low	31.10.2022	30.09.2023
Community, Health and Wellbeing	22.06.2022	Limited	Medium	30.06.2022	30.09.2023
			Medium	31.08.2022	30.09.2023
			Medium	31.08.2022	31.03.2024
			Medium	30.09.2022	31.03.2024
Local Plan	29.06.2022	Reasonable	Medium	30.04.2023	31.07.2023
Contract Management	16.11.2022	Reasonable	Medium	31.03.2023	31.07.2023
Development Management (Community Infrastructure Levy)	22.03.2023	Limited	Medium	31.05.2023	30.07.2023
			Medium	31.05.2023	30.07.2023
			Medium	31.05.2023	30.09.2023