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**Southern Internal  
Audit Partnership**

Assurance through excellence  
and innovation

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**EPSOM & EWELL BOROUGH COUNCIL  
INTERNAL AUDIT PROGRESS REPORT 2023-24**

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**February 2024**

## 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

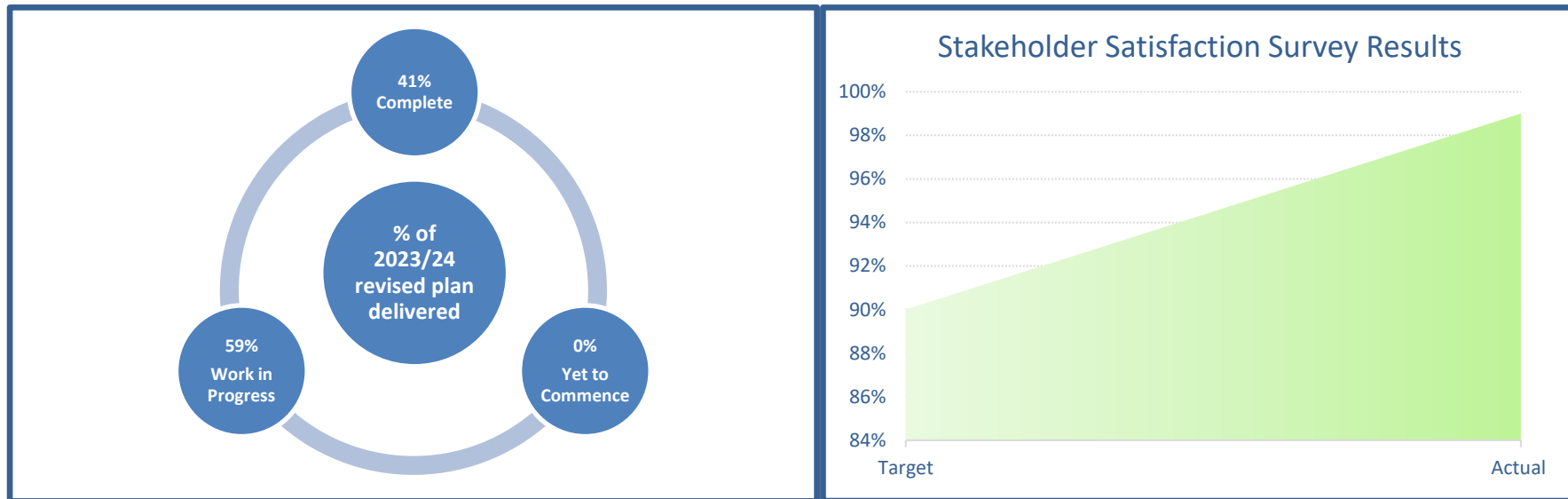
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- 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:

<b>Substantial</b>	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.
<b>Reasonable</b>	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.
<b>Limited</b>	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.
<b>No</b>	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.'*

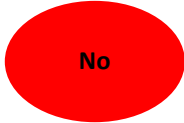
## 4. Analysis of 'Live' audit reviews

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)	10(2)		1	
Information Security	30/05/2022	HofIT	Reasonable	5(1)	0(0)	4(1)	1		
Information Governance	30/05/2022	HofP&CR	Limited	10(3)	0(0)	8(3)		2	
Environmental Health	06/06/2022	HofH&C	Reasonable	4(1)	0(0)	3(1)	1		
Operational Services	01/11/2022	HofOS	Reasonable	4(3)	0(0)	3(2)			1
Affordable Housing Delivery	03/01/2023	HofH&C	Limited	14(7)	3(2)	11(5)			
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)			
Development Management - CIL	22/03/2023	HofPD	Limited	11(3)	0(0)	9(3)		2	
Ethical Governance	11/05/2023	HofP&CR	Reasonable	11(2)	5(0)	3(1)	1	1	1
Emergency Planning	02/06/2023	HofP&CR	Reasonable	3(0)	0(0)	2(0)	1		
Network Management	05/06/2023	HofIT	Limited	10(3)	0(0)	6(2)		3	1
Accounts Receivable & Debt Management	03/10/2023	HofF	Reasonable	5(0)	0(0)	3(0)	1	1	
Complaints	04/01/2024	ADofCS	Limited	9(0)	8(0)	1(0)			
HR – Recruitment	10/01/2024	ADofCS	Reasonable	14(9)	13(8)	1(1)			
Planning Enforcement	09/02/2024	HofPD	No	15(8)	11(6)	4(2)			
Fraud Framework	15/03/2024	ADofCS	Reasonable	8(1)	7(0)	1(1)			
<b>Total</b>				<b>161(55)</b>	<b>50(16)</b>	<b>88(35)</b>	<b>6</b>	<b>13</b>	<b>4</b>

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

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

There has been one new final report published concluding a “no” assurance opinion since the last progress report in December 2023.

Planning Enforcement		
Audit Sponsor	Assurance opinion	Management Actions
Head of Place Development		<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: green; color: white; padding: 5px; text-align: center;">Low 2</div> <div style="background-color: yellow; color: black; padding: 5px; text-align: center;">Medium 5</div> <div style="background-color: red; color: white; padding: 5px; text-align: center;">High 8</div> </div>
<p><b>Summary of key observations:</b></p> <p>This audit reviewed the administration of planning enforcement and record keeping of actions taken to ensure that regulations were applied consistently and in line with documented procedures. Since the completion of the audit, a new permanent Enforcement Officer has been recruited, with the temporary Enforcement Officer able to provide a period of handover.</p> <p>The Council has a Local Enforcement Plan in place that is published on the Council’s website. This sets out the categories for enforcement action, and the timescales that the public should expect for cases to be progressed. The Plan includes details of the triage process and the levels of service to be expected when a planning complaint is received. The timescales set out within the published Local Enforcement Plan requires that receipt of a planning enforcement complaint is acknowledged within five working days, complainants are contacted regularly with regards to action taken, and the outcome of the case should be communicated to the complainant. Our testing of a sample of cases found that these expectations were not being met.</p> <p>The Local Enforcement Plan sets out clear timelines for the initial assessment of whether there has been a breach of planning controls, with the lowest priority cases required to be assessed within 30 working days of receipt of the notification. Our testing found that these timescales are not always being met.</p> <p>There is currently no documented internal procedural guidance that sets out the expectations of management regarding the administration of planning enforcement cases and the evidence required to support action taken, or on where the supporting evidence should be retained. Although the Local Enforcement Plan requires all cases to be triaged and assigned a priority level of one to three, there is no facility in Uniform to record the priority assigned, therefore compliance with the timescales set out in the Plan cannot be monitored.</p>		

Testing of a sample of planning enforcement complaints identified that some of the key documentation was missing for individual cases. Although all enforcement complaints are recorded in Uniform, the Council’s planning database and a reference number assigned, we identified that none of the supporting documents are being retained within Uniform, they are instead held within a shared drive. Additionally, some of the documentation associated with enforcements was missing completely.

Testing of a sample of five cases where enforcement notices were issued found that there was no evidence of any follow up action taking place to ensure that the enforcement notice had been complied with.

The Town and Country Planning Act 1990 requires councils to maintain a register of enforcement notices issued. The manual register has not been maintained since 2019, and the online register is not up to date as it is updated through an interface with Uniform, and as reported above, Uniform is not being kept up to date. Therefore, the Council is not complying with this legislation.

To ensure management within the Planning Service are kept aware of numbers of open enforcement cases, a weekly report is issued detailing all open enforcement cases. Our review of a sample of reports issued in June and July 2023 confirmed that weekly reports were issued. However, the reports do not give information to management about progress, whether targets are being met, or whether cases are still open which require closing. Further to this, once it has been established that no further action should be taken on a case, the case should be closed. Significant delays were identified with closing cases impacting the accuracy of management information.

## 6. Planning & Resourcing

The internal audit plan for 2023-24 was presented to the Senior Management Team and the Audit & Scrutiny Committee in April 2023. 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.

Through discussions with the Acting Director of Corporate Services and Business Assurance Manager adjustments have been made to the plan and are detailed within section 8 of this report. This is in response to EEBC Officer’s capacity to respond and engage with the Internal Audit reviews that are remaining for 2023/24. The adjustments to the plan will not impact on SIAP’s ability to deliver the Annual Report and Opinion for 2023/24 but the reduction of audit days is not sustainable across multiple years.

## 7. Rolling Work Programme

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
<b>2022/23 reviews</b>								
Human Resources & OD - Recruitment	ADofCS	✓	✓	✓	✓	✓	Reasonable	
HR Follow Up – Performance Management	ADofCS	✓	✓	✓	✓		n/a	
Accounts Receivable/Debt Management	CFO	✓	✓	✓	✓	✓	Reasonable	
Main Accounting	CFO	✓	✓	✓				
<b>2023/24 reviews</b>								
<b>Corporate</b>								
Asset Management (Statutory Checks)	HofP&R	✓	✓	✓				
Four Year Plan	ADofCS	✓	✓	✓	✓	✓	Substantial	
<b>Governance</b>								
Risk Management	ADofCS	✓	✓	✓				
Fraud Framework	ADofCS	✓	✓	✓	✓	✓	Reasonable	
Health and Safety – Follow Up	ADofCS	✓	✓	✓	✓	✓	n/a	
Business Continuity	ADofCS	✓	✓	✓	✓			
Information Governance	ADofCS	✓	✓	✓				
Complaints	ADofCS	✓	✓	✓	✓	✓	Limited	
Capital Programme	HofP&R	✓	✓	✓				
<b>Information Technology</b>								
Legacy Systems	HofIT	✓	✓	✓				
Cyber Security	HofIT	✓	✓	✓				
<b>Core Financial Reviews</b>								
Accounts Payable	HofF	✓	✓	✓				



Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
<b>Safe and Well</b>								
Homelessness	HofH&C	✓	✓	✓				
Planning Enforcement	HofPD	✓	✓	✓	✓	✓	<b>No</b>	
<b>Green and Vibrant</b>								
Tree Inspections	HofPD	✓	✓	✓				
<b>Other</b>								
EWDC Conservators Account	CFO/HofF	✓	✓	✓	n/a	✓	<b>n/a</b>	
Biodiversity Net Gain Grant	CFO/HofF	✓	n/a	✓	n/a	✓	<b>n/a</b>	Grant certification

#### Audit Sponsor

ADofCS	Acting Director of Corporate Services	ADofEHR	Acting Director of Environment, Housing & Regeneration
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 2023/24 internal audit plan:

Plan Variations	
<b>Added to the plan</b>	<b>Reason</b>
Biodiversity Net Gain Grant	The grant conditions required an internal audit review and sign off by the Chief Internal Auditor.
<b>Removed from the plan</b>	<b>Reason</b>
Savings Realisation	Please see section 6 of the report.
Human Resources	
Housing Benefits	

## Overdue 'High Priority' Management Actions

HR & OD Performance Management – Limited Assurance			
<p><b>Observation:</b> The Induction Checklist clearly states that by the end of the second month a discussion and agreement of personal targets for a Personal Development Plan must be undertaken.</p> <p>The policy states that both managers and employees are responsible for monitoring progress on the agreed goals/objectives.</p> <p>A sample of new starters were tested, and we confirmed that their progress is being reviewed and the relevant probationary meetings are being held to provide feedback and take any necessary actions. However, goals and objectives have not yet been set and we were advised that this task will be completed at the beginning of the new financial year.</p> <p>We acknowledge that the new starters within our sample only recently joined the council (within the last three months), including temporary staff, but the expectation on setting goals/targets remains the same and should be completed as set by the policy.</p>			
Management Action	Original Due Date	Revised Due Date	Latest Service Update From Action Owner
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	31.03.2024	A revised induction pack for new starters has been drafted for SMT consideration. At the end of the induction period, a survey will be conducted which forms part of the induction pack.

**Operational Services – Reasonable Assurance****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 From Action Owner
Launch My Council Services module for garden waste.	31.05.2023	30.09.2024	The launch of the Garden Waste module is subject to the priorities of the My Council Services (MCS) system as well as the need to move services off the council's CRM system which we have to stop using by August 2024. The council has a work around for normal waste services, so this work is paused and priority will be given to delivering garden waste before August 2024.

**Ethical Governance – Reasonable Assurance****Observation:**

Training records are held within an e-learning system. We reviewed reports from this system which documented completion of training related to ethical governance and behaviours. Our review highlighted that more than 50% of training was noted as outstanding.

The Business Assurance Manager advised that there is currently a technical issue within the system whereby if completion dates are revised then they are lost – deeming this record unusable at the moment. We were further advised that the Council has introduced a workaround to manage this until the e-learning system is fixed, and that policy documentation will be updated to reflect the workaround.

Due to the timing of this review, we were not in a position to test the effectiveness of the workaround.

Management Action	Original Due Date	Revised Due Date	Latest Service Update From Action Owner
Complete the technical fix, relating to accurately recording completion dates, with our e-learning provider.	30.06.2023	31.03.2024	The technical fix to be carried out by HR will need IT support (internal /external).

Network Management – Limited Assurance			
<b>Observation:</b>			
Please see separate report.			
Management Action	Original Due Date	Revised Due Date	Latest Service Update From Action Owner
Please see separate report.			

## Overdue 'Low &amp; 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	31.03.2024
HR & OD Performance Management	20.05.2022	Limited	Medium	30.09.2022	31.03.2024
			Medium	30.09.2022	31.03.2024
Data Management	30.05.2022	Limited	Medium	31.03.2023	01.12.2024
Health and Safety	30.05.2022	Limited	Medium	31.11.2022	31.03.2024
Information Security	30.05.2022	Reasonable	Low	31.12.2022	30.05.2024
Information Governance	30.05.2022	Limited	Medium	30.09.2022	01.04.2024
			Medium	23.12.2022	01.04.2024
Environmental Health	06.06.2022	Reasonable	Low	31.10.2022	31.03.2025
Development Management (Community Infrastructure Levy)	22.03.2023	Limited	Medium	31.05.2023	31.03.2024
			Medium	30.06.2023	31.03.2024
Ethical Governance	11.05.2023	Reasonable	Medium	31.07.2023	31.03.2024
			Low	31.12.2023	31.03.2024
Emergency Planning	02.06.2023	Reasonable	Low	31.08.2023	31.03.2024
Network Management	05.06.2023	Limited	Medium	30.06.2023	30.09.2024
			Medium	30.11.2023	30.04.2024
			Medium	30.11.2023	30.09.2024
Accounts Receivable & Debt Management	03.10.2023	Reasonable	Medium	31.12.2023	31.03.2024
			Low	31.12.2023	31.03.2024