



---

**Southern Internal  
Audit Partnership**

Assurance through excellence  
and innovation

---

**EPSOM AND EWELL BOROUGH COUNCIL  
ANNUAL INTERNAL AUDIT REPORT & OPINION 2023-24**

**Prepared by: Natalie Jerams, Deputy Head of Partnership**

**June 2024**

## 1. Role of Internal Audit

The Council is required by the Accounts and Audit (England) Regulations 2015, to

*‘undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.’*

In fulfilling this requirement, the Council should have regard to the Public Sector Internal Audit Standards (PSIAS), as the internal audit standards set for local government. In addition, the Statement on the Role of the Head of Internal Audit in Public Service Organisations issued by CIPFA sets out best practice and should be used to assess arrangements to drive up audit quality and governance arrangements.

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 organisation’s 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. Internal Audit Approach

To enable effective outcomes, internal audit provides a combination of assurance and consulting activities. Assurance work involves assessing how well the systems and processes are designed and working, with consulting activities available to help to improve those systems and processes where necessary. A full range of internal audit services is provided in forming the annual opinion.

As the Chief Internal Auditor, I review the approach to each audit, considering the following key points:

- Level of assurance required.
- Significance of the objectives under review to the organisations' success.
- Risks inherent in the achievement of objectives.
- Level of confidence required that controls are well designed and operating as intended.

All formal internal audit assignments will result in a published report. The primary purpose of the audit report is to provide an independent and objective opinion to the Council on the framework of internal control, risk management and governance in operation and to stimulate improvement.



The Southern Internal Audit Partnership (SIAP) maintain an agile approach to audit, seeking to maximise efficiencies and effectiveness in balancing the time and resource commitments of our clients, with the necessity to provide comprehensive, compliant and value adding assurance.

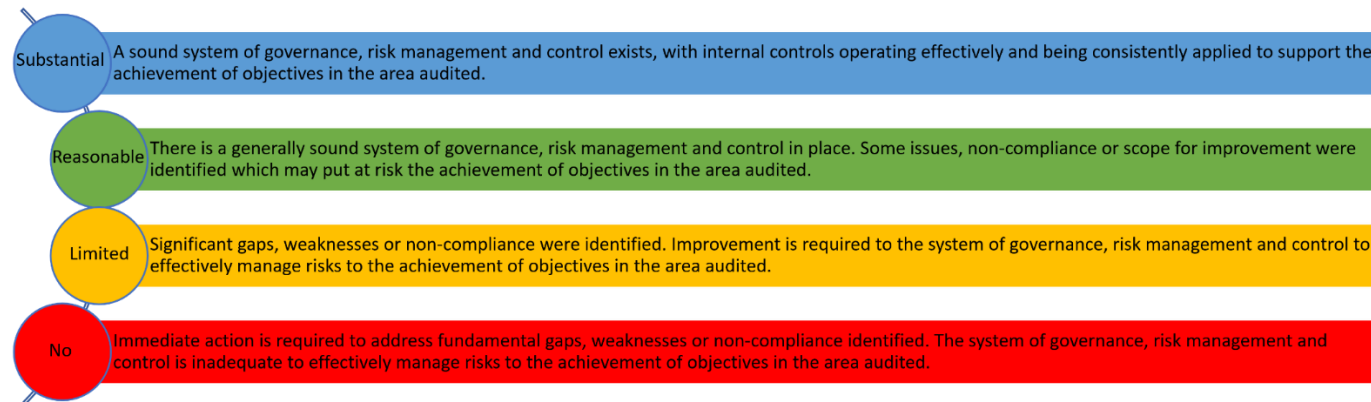
Working practices have been reviewed, modified and agreed with all partners following the impact and lessons learned from the COVID-19 pandemic and as a result we have sought to optimise the use of virtual technologies to communicate with key contacts and in completion of our fieldwork. However, the need for site visits to complete elements of testing continues to be assessed and agreed on a case-by-case basis.

### 3. Internal Audit Coverage

The annual internal audit plan was prepared to take account of the characteristics and relative risks of the Council activities and to support the preparation of the Annual Governance Statement. Work has been planned and performed to obtain sufficient evidence to provide reasonable assurance that the internal control system is operating effectively.

The 2023-24 internal audit plan was considered by the Audit and Scrutiny Committee in April 2023. It was informed by internal audit's own assessment of risk and materiality in addition to consultation with management to ensure it aligned to key risks facing the organisation. The plan has remained fluid throughout the year to maintain an effective focus and ensure that it continues to provide assurance, as required, over new or emerging challenges and risks that management need to consider, manage, and mitigate. Changes made to the plan were agreed with the Strategic Management Team and reported in detail to the Audit and Scrutiny Committee in the internal audit progress reports which were reviewed at each meeting.

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:



## 4. Internal Audit Opinion

As Chief Internal Auditor, I am responsible for the delivery of an annual audit opinion and report that can be used by the Council to inform their annual governance statement. The annual opinion concludes on the overall adequacy and effectiveness of the organisations' framework of governance, risk management and control.

In giving this opinion, assurance can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses in the processes reviewed. In assessing the level of assurance to be given, I have based my opinion on:

- written reports on all internal audit work completed during the course of the year (assurance & consultancy);
- results of any follow up exercises undertaken in respect of previous years' internal audit work;
- the results of work of other review bodies where appropriate;
- the extent of resources available to deliver the internal audit work;
- the quality and performance of the internal audit service and the extent of compliance with the Standards; and
- the proportion of the Council's audit need that has been covered within the period.

We enjoy an open and honest working relationship with the Council. Our planning discussions and risk-based approach to internal audit ensure that the internal audit plan includes areas of significance raised by management to ensure that ongoing organisational improvements can be achieved. I feel that the maturity of this relationship and the Council's effective use of internal audit has assisted in identifying and putting in place action to mitigate weaknesses impacting on organisational governance, risk and control over the 2023-24 financial year.

### Annual Internal Audit Opinion 2023-24

I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of the internal control environment.

In my opinion frameworks of governance, risk management and management control are **reasonable** and audit testing has demonstrated controls to be working in practice.

Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.

Through discussions with the Acting Director of Corporate Services and Business Assurance Manager three audits were removed from the 2023/24 plan. This has been reported to the Audit & Scrutiny Committee as part of the regular Internal Audit Progress Reports.

Further to this, three reviews (Information Governance, Capital Programme and Main Accounting) have been drafted; however, we are awaiting factual accuracy prior to reporting, and two reviews (Accounts Payable and Legacy Systems) remain work in progress. All will be reported as part of the next progress report to the Audit & Scrutiny Committee.

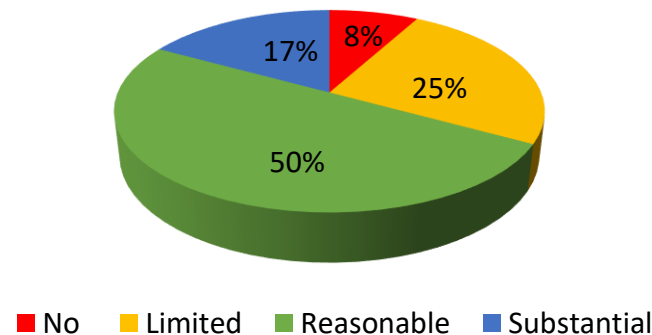
The adjustments to the plan on this occasion and the current status of the above five reviews has not inhibited my ability to provide an overall opinion on the Council’s framework of governance, risk and control.

## 5. Governance, Risk Management & Control – Overview & Key Observations

### Assurance opinions for 2023-24 reviews

The findings from our reviews have been reported to the Audit and Scrutiny Committee in full throughout the year and a summary of the assurance opinions is outlined below.

### Assurance Opinions



## ***Governance***

Governance arrangements are considered during the planning and scoping of each review and in most cases, the scope of our work includes an overview of:

- the governance structure in place, including respective roles, responsibilities and reporting arrangements
- relevant policies and procedures to ensure that they are in line with requirements, regularly reviewed, approved and appropriately publicised and accessible to officers and staff.

In addition, during 2023-24 we undertook a review of the Fraud Framework which concluded with reasonable assurance.

Based on the work completed during the year and observations through our attendance at a variety of management and governance meetings, in our opinion the governance frameworks in place across the Council are robust, fit for purpose and subject to regular review. There is also appropriate reporting to the Audit & Scrutiny Committee to provide the opportunity for independent consideration and challenge including the Annual Governance Statement.

## ***Risk Management***

In accordance with the constitution, the Audit & Scrutiny Committee play a key role ‘to scrutinise the application of the Risk Management Strategy and oversee the corporate risk register’. This has been supported throughout the year through the Committees overview of the Corporate Performance Report that incorporates both corporate and committee risk registers as a regular agenda item throughout the year.

A review of the risk management arrangements in the Council was carried out during the year which resulted in a reasonable assurance opinion. The review demonstrated that risk management arrangements were generally sound, documented and embedded within the Council.

The risk register is a key document that is taken into account during the development of our risk based internal audit plan. The information in the risk register is taken into account when scoping each review in detail to ensure that our work is appropriately focussed.

## Control

In general, internal audit work found there to be a sound control environment in place across the majority of review areas included in the 2023-24 plan that were working effectively to support the delivery of corporate objectives.

We generally found officers and staff to be well aware of the importance of effective control frameworks and compliance, and also open to our suggestion for improvements or enhancements where needed. Management actions agreed as a result of each review are monitored to completion to ensure that the identified risks and issues are addressed.

The key areas of challenge identified or confirmed through our work are outlined below:

### Complaints (Limited Assurance)

This review sought assurance that complaints are dealt with promptly and to the customer's satisfaction, thereby minimising escalation to stage two or to the Local Government Ombudsman (LGO).

Whilst we found documented procedures in place setting out the process to follow with complaints referred to the LGO, there were no documented procedures for the complaints process at stages one and two. Additionally, although training on complaints and comments processing has been previously provided, this has not been revisited to ensure staff are kept up to date or new staff are trained.

Stage one and stage two complaints were not always responded to within the required timeframes. Our review of the stage two complaints received during 2022/23 found that some could have been prevented if the stage one complaint had been processed within the timescales set within the complaints policy.

There was not a consistent approach to whether a contact should be logged as a complaint or a comment through the triage process. Comments are not subject to the same formal response expectations and are not part of complaints monitoring and therefore if contacts are not correctly categorised then customer relations could be further damaged.



Lessons learned/action taken as a result of a complaint are identified by the Customer Contact Centre from responses made to the complainant and are recorded. However, no formal process was in place to review or share lessons learned or actions taken with a view to increasing customer satisfaction levels and minimising further complaints.

### Planning Enforcement (No Assurance)

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.

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.

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.

There was no documented internal procedural guidance to set 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 could not be monitored.

Testing of a sample of planning enforcement complaints identified that some of the key documentation was missing for individual cases. 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 was not up to date as it is updated through an interface with Uniform, and as reported above, Uniform was not being kept up to date.

Management information did not capture progress, whether targets were being met and whether cases are still open or 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.

### **Business Continuity (Limited Assurance)**

The purpose of the audit was to ensure that business continuity arrangements within the Council are sufficiently robust and embedded to ensure provision of key services can be maintained following an unexpected event. The Council has procured the services of a specialist emergency planning and business continuity company to assist with their business continuity planning arrangements.

Roles and responsibilities for business continuity activities have been defined and documented within the Strategic and Service business continuity plans to ensure these are clear and understood.

A Strategic Business Continuity plan (BCP) is in place that sets out the business continuity processes to be followed should there be a large scale event across the whole Council. Our review of the Strategic BCP confirmed that it was up to date and roles and responsibilities of each team were included in the plan.

There is a standard pro forma document in place for service BCPs that is being rolled out across the Council, with a record of progress being maintained, however we noted that one BCP had not yet been transferred to the new format. Our review of the 16 service BCPs in the new format also identified a number of inconsistencies across the services in completion of the BCPs and the Head of Service listed as responsible was out of date for some due to changes in responsibilities. Further to this, although we were provided with a BCP for all service areas, one did not cover all aspects of the service. Upon further investigation we were provided with a complete BCP, however it was dated March 2020 and

was not in the new format nor had it been reviewed in line with the review timescales. This BCP was not recorded on the progress monitoring spreadsheet.

We were informed that service BCPs are reviewed by the relevant Director and by the contractor, however our examination of service BCPs identified that there is no facility in the document to evidence this review.

It is stated in the Strategic BCP that service based and Strategic business continuity exercises should be carried out every 18 months, however five of the 12 key staff contacted during the audit stated that their BCP had not been tested in line with this timescale.

#### [Cyber Security Training & Awareness](#) *draft report (Limited Assurance)*

Please see separate report.

### Management actions

Where our work identified risks that we considered fell outside the parameters acceptable to the Council, we agreed appropriate corrective actions and a timescale for improvement with the responsible managers. There is currently a high number of management actions that are overdue for implementation and revised target dates have been provided. Progress is reported to the Audit and Scrutiny Committee throughout the year through the quarterly internal audit progress reports.

## 6. Quality Assurance and Improvement

The Standards require the Head of the Southern Internal Audit Partnership to develop and maintain a Quality Assurance and Improvement Programme (QAIP) to enable the internal audit service to be assessed against the Standards and the Local Government Application Note (LGAN) for conformance.

The QAIP must include provision for both internal and external assessments: internal assessments are both on-going and periodical and external assessment must be undertaken at least once every five years. In addition to evaluating compliance with the Standards, the QAIP also assesses the efficiency and effectiveness of the internal audit activity, identifying areas for improvement.

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

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.'*

## 7. Disclosure of Non-Conformance

In accordance with Public Sector Internal Audit Standard 1312 [External Assessments], I can confirm through endorsement from the Institute of Internal Auditors that:

**'the Southern Internal Audit Partnership conforms to the Definition of Internal Auditing; the Code of Ethics; and the Standards'.**

There are no disclosures of Non-Conformance to report.

## 8. Quality Control

Our aim is to provide a service that remains responsive to the needs of the Council and maintains consistently high standards. In complementing the QAIP this was achieved in 2023-24 through the following internal processes:

- On-going liaison with management to ascertain the risk management, control and governance arrangements, key to corporate success.
- On-going development of a constructive working relationship with the External Auditors to maintain a cooperative assurance approach.
- A tailored audit approach using a defined methodology and assignment control documentation.
- Review and quality control of all internal audit work by professional qualified senior staff members.
- An internal quality assessment against the IPPF, PSIAS & LGAN.

## 9. Internal Audit Performance

The following performance indicators are maintained to monitor effective service delivery:

Performance Indicator	Target	Actual
Percentage of internal audit plan delivered (to draft report)	95%	91%
Positive customer survey response		
● Epsom & Ewell Borough Council	90%	87%
● SIAP – all Partners	90%	98%
Public Sector Internal Audit Standards	Compliant	Compliant

*Customer satisfaction is an assessment of responses to questionnaires issued to a wide range of stakeholders including members, senior officers and key contacts involved in the audit process (survey date April 2024).*

## 10. Acknowledgement

I would like to take this opportunity to thank all those staff throughout the Council with whom we have made contact in the year. Our relationship has been positive, and management were responsive to the comments we made both informally and through our formal reporting.

Natalie Jerams  
Deputy Head of Southern Internal Audit Partnership  
June 2024

## Annex 1

### Summary of Assurance Reviews Completed 2023-24

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.

- Asset Management (Statutory Checks)
- Four Year Plan

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.

- |                            |   |                    |
|----------------------------|---|--------------------|
| • HR Recruitment (2022/23) | • Accounts Receivable & Debt Management (2022/23) | • Risk Management  |
| • Fraud Framework          | • Homelessness                                    | • Tree Inspections |

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.

- |              |                       |  |
|--------------|-----------------------|--|
| • Complaints | • Business Continuity | Cyber Security Training & Awareness <i>(draft)</i> |
|--------------|-----------------------|--|

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.

- Planning Enforcement