



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

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

Prepared by: Natalie Jerams, Deputy Head of Partnership

June 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:

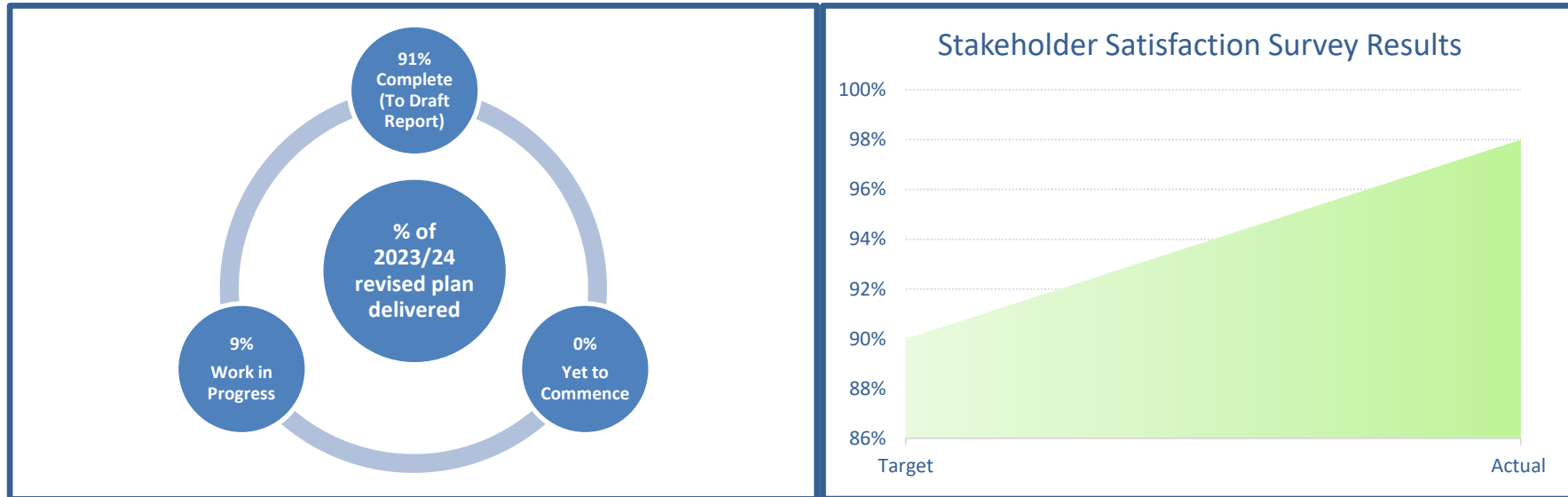
Substantial A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

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		
Data Management	30/05/2022	HofIT	Limited	7(5)	0(0)	6(5)		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)	9(3)		1	
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)	0(0)	1(0)		1	
Council Tax	02/02/2023	HofF	Reasonable	1(0)	0(0)	0(0)	1		
Ethical Governance	11/05/2023	HofP&CR	Reasonable	11(2)	0(0)	3(1)	1	6	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)	1(0)	7(0)		1	
HR – Recruitment	10/01/2024	ADofCS	Reasonable	14(9)	13(8)	1(1)			
Planning Enforcement	09/02/2024	HofPD	No	15(8)	1(0)	9(5)		2	3
Fraud Framework	15/03/2024	ADofCS	Reasonable	8(1)	2(0)	5(1)	1		
Homelessness	16/04/2024	HofH&C	Reasonable	2(0)	1(0)	1(0)			
HR Follow Up	24/04/2024	ADofCS	n/a	7(4)	0(0)	1(1)		3	3
Risk Management	21/05/2024	ADofCS	Reasonable	7(0)	6(0)	1(0)			
Business Continuity	28/06/2024	ADofCS	Limited	7(1)	3(0)	4(1)			
Total				148(48)	30(10)	83(29)	7	19	9

*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 report finalised concluding a “limited” assurance opinion since the last progress report in March 2024.

Business Continuity		
Audit Sponsor	Assurance opinion	Management Actions
Acting Director of Corporate Services		<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: green; color: white; padding: 5px; text-align: center;">Low 3</div> <div style="background-color: yellow; padding: 5px; text-align: center;">Medium 3</div> <div style="background-color: red; color: white; padding: 5px; text-align: center;">High 1</div> </div>
<p>Summary of key observations:</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>		

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.

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. The adjustments to the plan have not impacted 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
2022/23 reviews								
Human Resources & OD - Recruitment	ADofCS	✓	✓	✓	✓	✓	Reasonable	
HR Follow Up – Performance Management	ADofCS	✓	✓	✓	✓	✓	n/a	
Accounts Receivable/Debt Management	CFO	✓	✓	✓	✓	✓	Reasonable	
Main Accounting	CFO	✓	✓	✓	✓			

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
2023/24 reviews								
Corporate								
Asset Management (Statutory Checks)	HofP&R	✓	✓	✓	✓	✓	Substantial	
Four Year Plan	ADofCS	✓	✓	✓	✓	✓	Substantial	
Governance								
Risk Management	ADofCS	✓	✓	✓	✓	✓	Reasonable	
Fraud Framework	ADofCS	✓	✓	✓	✓	✓	Reasonable	
Health and Safety – Follow Up	ADofCS	✓	✓	✓	✓	✓	n/a	
Business Continuity	ADofCS	✓	✓	✓	✓	✓	Limited	
Information Governance	ADofCS	✓	✓	✓	✓			
Complaints	ADofCS	✓	✓	✓	✓	✓	Limited	
Capital Programme	HofP&R	✓	✓	✓	✓			
Information Technology								
Legacy Systems	HofIT	✓	✓	✓				Close of audit booked for 16/7/2024.
Cyber Security Training & Awareness	HofIT	✓	✓	✓	✓			
Core Financial Reviews								
Accounts Payable	HofF	✓	✓	✓				
Safe and Well								
Homelessness	HofH&C	✓	✓	✓	✓	✓	Reasonable	
Planning Enforcement	HofPD	✓	✓	✓	✓	✓	No	
Green and Vibrant								
Tree Inspections	HofPD	✓	✓	✓	✓	✓	Reasonable	
Other								
EWDC Conservators Account	CFO/HofF	✓	✓	✓	n/a	✓	n/a	
Biodiversity Net Gain Grant	CFO/HofF	✓	n/a	✓	n/a	✓	n/a	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	
Added to the plan	Reason
Biodiversity Net Gain Grant	The grant conditions required an internal audit review and sign off by the Chief Internal Auditor.
Removed from the plan	Reason
Savings Realisation	Please see section 6 of the report.
Human Resources	
Housing Benefits	

Overdue 'High Priority' Management Actions

Operational Services – Reasonable Assurance			
<p>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.</p> <p>240-litre brown garden waste bins cost £62.70 each per year and there are in the region of 12,000 subscribers.</p> <p>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.</p> <p>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.</p>			
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 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 30.06.2024 30.09.2024	To provide additional resource to address this action the software supplier has been commissioned to complete the internal fixes to the system.

Network Management – Limited Assurance

Observation:

Please see separate report.

Management Action	Original Due Date	Revised Due Date	Latest Service Update From Action Owner
Please see separate report.			

Planning Enforcement – No Assurance

Observation:

The published Local Enforcement Plan requires the following:

- A written acknowledgement to be sent to the complainant within the first five working days detailing the prioritisation of the case.
- Complainants to be informed at each key stage of the process, or at least every eight weeks, and to be informed of the final outcome of the complaint.

We identified the following issues in the sample of 25 cases tested:

- One of the cases received on 9th March 2023 was not acknowledged until 20th July 2023, over four months later.
- There was no evidence found of the complainant being updated every eight weeks for 14 of the 15 open cases.

Out of 10 closed cases, five had no evidence of the outcome being communicated.

Management Action	Original Due Date	Revised Due Date	Latest Service Update From Action Owner
Written manual/process notes.	31.03.2024	31.05.2024 31.08.2024	Draft created. Completion imminent.

Observation:

The Town and Country Planning Act 1990 states that every planning authority shall maintain a register of enforcement notices, enforcement warning notices, stop notices and breach of conditions notices. It also states that the register shall be made available for inspection by the public at all reasonable hours (section 188b).

We were advised by the Technical Validation Supervisor (Development Management) that a paper register was held at the Council offices that are accessible during normal opening hours, however this has not been updated since 2019. Since then, enforcement notices have been made available online through an interface between Uniform and the planning website. The planning website includes a search function to enable the public to search for enforcement cases. However, the online planning website does not include all enforcement notices issued as Uniform has not been kept up to date.

Therefore, the Council does not have an up-to-date register of all enforcement notices issued.

Management Action	Original Due Date	Revised Due Date	Latest Service Update From Action Owner
Write process notes to ensure future Notices are correctly stored.	31.03.2024	31.05.2024 31.08.2024	Draft created. Completion imminent.

Observation:

We selected a sample of five enforcement notices to determine what follow up action had been taken following the notice being issued, and what evidence of this was maintained, with the following results:

- We were advised by the Enforcement Officer that one case had been complied with on 4 January 2023, however there was no evidence held on Uniform to confirm this.
- In two further cases there was no further updates recorded in Uniform since 2021. For one case an update in June 2021 states that the property had been sold, and there is no further action recorded in Uniform. For the other, it was noted that a planning application had been submitted. However, a search of the planning database confirmed that the planning application had been refused in August 2022. Although we noted that a photograph had been uploaded to this case in early August 2021, there is no explanation of what this is for, and whether the enforcement notice had been complied with. Both of these cases are also still open.
- For a fourth case, dating from 2018, it was recorded in Uniform that the enforcement action had been completed and the case was closed. However, there was no documentary evidence of how compliance had been verified.
- The remaining case originated from 2022, and we were informed by the Enforcement Officer that, although the remedial action had not been carried out, a variation of conditions application had been submitted which would resolve the case. Therefore no further progress could be made with this case until the application was decided.

Therefore, there is limited evidence of whether follow up action has been taken for four of the five cases where enforcement notices had been issued.

Management Action	Original Due Date	Revised Due Date	Latest Service Update From Action Owner
Process notes referred to in action 6.2 will include section relating to post enforcement matters to ensure Notices are correctly followed up to ensure compliance.	31.03.2024	31.05.2024 31.08.2024	Draft created. Completion imminent.

HR Follow Up				
Original Management Action	Additional Management Action	Original Due Date	Revised Due Date	Latest Service Update From Action Owner
Mandatory use of the MPC form to be communicated to managers and staff through MPC training.	To communicate to managers and employees on the revised MPC form and how to have an effective and meaningful performance conversation.	30.06.2022	31.07.2024	This is dependent on the refreshed MPC template and guidelines that has been to SLT and pending approval. Training will then be provided on MPC for all staff.
Existing MPC form to be reviewed by CMT to ensure it is fit for purpose.	Review the MPC template. Revised MPC form to approved by SLT.	30.06.2022	31.07.2024	MPC form has been refreshed and is being reviewed by SLT.
Carry out MPC refresher training (mandatory for all managers and staff).	To deliver training to managers and employees on the revised MPC form and how to have an effective and meaningful performance conversations	30.06.2022	31.08.2024	This is dependent on the refreshed MPC template and guidelines that has been to SLT and pending approval. Training will then be provided on MPC for all staff.

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	31.03.2024 31.12.2024
Data Management	30.05.2022	Limited	Medium	31.03.2023	01.12.2024
Information Security	30.05.2022	Reasonable	Low	31.12.2022	30.05.2024 01.09.2024
Information Governance	30.05.2022	Limited	Medium	23.12.2022	01.04.2024 31.10.2024
Environmental Health	06.06.2022	Reasonable	Low	31.10.2022	31.03.2025
Council Tax	02.02.2023	Reasonable	Low	31.03.2024	30.06.2024
Investments	28.02.2023	Reasonable	Medium	31.03.2024	31.03.2025
Ethical Governance	11.05.2023	Reasonable	Medium	31.07.2023	31.03.2024 30.09.2024
			Medium	31.03.2024	30.06.2024 30.09.2024
			Medium	31.03.2024	30.06.2024 30.09.2024
			Medium	31.03.2024	30.06.2024 30.09.2024
			Medium	31.03.2024	30.06.2024 30.09.2024
			Medium	31.03.2024	30.06.2024 30.09.2024
			Low	31.12.2023	31.03.2024 30.06.2024 30.09.2024

Audit Review	Report Date	Opinion	Priority	Due Date	Revised Due Date
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 31.12.2024
Accounts Receivable & Debt Management	03.10.2023	Reasonable	Medium	31.12.2023	31.03.2024 31.08.2024
			Low	31.12.2023	31.03.2024 30.09.2024
Complaints	04.01.2024	Limited	Medium	31.03.2024	31.05.2024 31.07.2024
Planning Enforcement	09.02.02024	No	Medium	31.03.2024	31.05.2024 31.07.2024
			Medium	31.03.2024	31.05.2024 30.09.2024
Fraud Framework	15.03.2024	Reasonable	Low	30.05.2024	31.08.2024
HR Follow Up	24.04.2024	n/a	Medium	31.03.2023	30.07.2024
			Medium	30.09.2022	31.01.2025
			Medium	30.06.2022	31.08.2024