



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

**EPSOM & EWELL BOROUGH COUNCIL
INTERNAL AUDIT PROGRESS REPORT 2024-25**

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August 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

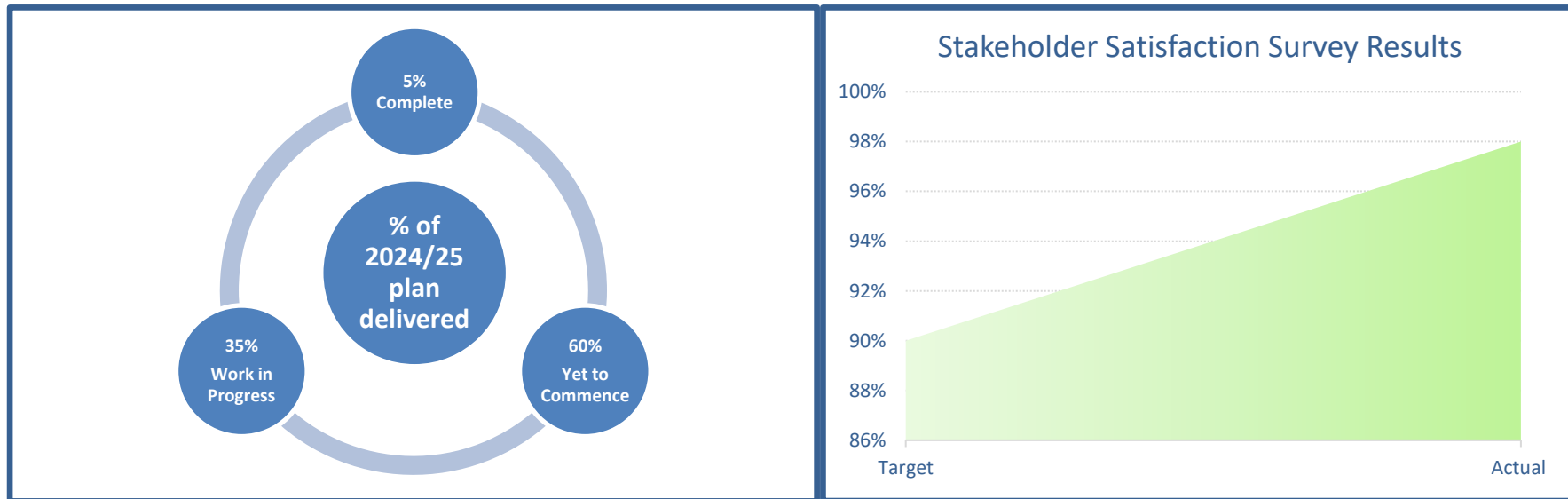
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- 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
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
HR – Recruitment	10/01/2024	ADofCS	Reasonable	14(9)	0(0)	3(3)		5	6
Planning Enforcement	09/02/2024	HofPD	No	15(8)	0(0)	12(5)			3
Fraud Framework	15/03/2024	ADofCS	Reasonable	8(1)	2(0)	6(1)			
Homelessness	16/04/2024	HofH&C	Reasonable	2(0)	0(0)	1(0)		1	
HR Follow Up	24/04/2024	ADofCS	n/a	7(4)	0(0)	5(4)		2	
Risk Management	21/05/2024	ADofCS	Reasonable	7(0)	3(0)	3(0)		1	
Business Continuity	28/06/2024	ADofCS	Limited	7(1)	3(0)	4(1)			
Main Accounting	26/07/2024	CFO	Limited	4(1)	1(0)	3(1)			
Part 2 Exempt Items				25(8)	8(0)	12(7)		4	1
Total				140(49)	20(2)	83(35)	4	21	12

*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.

Main Accounting		
Audit Sponsor	Assurance opinion	Management Actions
Chief Finance Officer		<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; padding: 5px; text-align: center;">Medium 1</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 this audit was to review the key controls of the accounting system processes. The Council currently use ‘Civica Financials’ as their main accounting system. Our sample testing included transactions for both 2022/23 and 2023/24 financial years.</p> <p>Whilst a number of areas were assessed to be working well, including the processing and approval of journals, virements, management of interfaces and appropriate system access, there were also some areas of improvement identified that resulted in the overall limited assurance opinion.</p> <p>We were unable to confirm that regular bank reconciliations had been fully completed throughout 2023/24. Our testing of a sample of five end of week reconciliations during 2023/24 were all signed as being complete and authorised on the same date of the year (30th May 2024).</p> <p>Income that cannot be automatically coded by the system is posted to an income suspense account; this is reviewed daily by the exchequer team and investigated until the correct coding can be found for the income. We reviewed outstanding transactions within the suspense account, and found that as at 6 March 2024, 56 entries remain from 2023. We were advised that an error had occurred with a manual upload to the main accounting system in June 2023, this had caused a number of duplicated entries to be posted to the system and 41 of the 56 suspense account entries are in relation to this error. At the time of our review, we were advised that this issue had not yet been investigated and resolved.</p> <p>Our review of procedural documents and user guides available to support staff found that they were out of date and showed no evidence of regular review in place which has led to some information within the documentations to be incorrect.</p>		

6. Planning & Resourcing

The internal audit plan for 2024-25 was presented to the Senior Leadership Team and the Audit & Scrutiny Committee in March 2024.

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
Reviews carried forward from previous years								
Main Accounting	CFO	✓	✓	✓	✓	✓	Limited	
Information Governance	ADofCS	✓	✓	✓	✓			
Capital Programme	HofP&R	✓	✓	✓	✓			
Legacy Systems	HofIT	✓	✓	✓	✓			
Accounts Payable	HofF	✓	✓	✓	✓	✓	Reasonable	
2024/25								
Relocation of Town Hall	HofP&R	✓	✓	✓				Close of audit held, report pending.
Human Resources	HofHR&OD							Q4
Financial Governance Framework (including Savings Realisation)	CFO	✓	✓	✓				Close of audit held, report pending.
Decision Making & Accountability	HofLS							Q3
EEPIC – Governance Arrangements	HofP&R							Q3
IT Strategy	HofIT							Q3
Data Backup & Ransomware Protection	HofIT							Q4
IT Follow Up	HofIT	✓	✓	✓				Q1
Treasury Management	CFO	✓	✓					Q2

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Housing Benefits	CFO							Q4
Payroll	HofHR&OD							Q4
Playgrounds	HofOS	✓	✓					Q2
Planning Enforcement	HofPD							Q4
Tree Management	HofPD							Q3
Asset Management – Management of Leases and Rents	HofP&R							Q4
Housing Allocations Policy	HofH&C							Q3
Env Health – Food Hygiene	HofH&C	✓	✓	✓	✓			Q1
Safeguarding	HofH&C							Q3
Follow Up	Various	✓	✓	✓				Q2
EWDC Conservators Account	CFO	✓	✓	✓	n/a	✓	n/a	Q1

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 no adjustments to the 2024/25 plan to date.

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 31.01.2025	At present there is not a launch date for the collections module of the garden waste MCS module because there is a need to focus first on the back-office (contracts and payments) functions due to the impending loss of CRM. The back-office modules are due for launch during September/October so work will then start on the collections module thereafter.

Ethical Governance – Reasonable Assurance			
<p>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.</p> <p>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.</p>			
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	Development work agreed and currently being scheduled in.

HR Recruitment – Reasonable Assurance			
<p>Observation: We asked five Recruiting Managers who have had recruitment activities during 2022/23 to advise whether they understand how to use ATS effectively. Three managers responded to our queries.</p> <p>Managers confirmed in their responses that they are not aware of any guidance for using ATS. However, most confirmed that the system is intuitive and user friendly. Managers advised that they look for guidance to be on the intranet but could not find any. One Manager advised that they are not aware if they have access to the system and had not managed recruitment using it.</p>			
Management Action	Original Due Date	Revised Due Date	Latest Service Update From Action Owner
To work with the Communications team to ensure that the guidance available in respect of recruitment and the ATS is widely publicised.	30.06.2024	31.12.2024	A review of recruitment including the ATS will be undertaken by the People and OD Business Partner who will be joining in September 2024.

Observation: Training needs are not documented for staff and managers to cover training on the ATS and recruitment process. Our survey found that the Recruiting Managers do not receive training on the ATS.			
Management Action	Original Due Date	Revised Due Date	Latest Service Update From Action Owner
To ensure that training in the use of the ATS (as part of wider recruitment training) is covered as part of mandatory induction processes for new managers.	30.06.2024	31.12.2024	A review of recruitment including the ATS will be undertaken by the People and OD Business Partner who will be joining in September 2024.
Observation: The Data Retention Policy at the Council states that managers should hold documents and notes on unsuccessful applicants for six months after the appointment decision has been made. We contacted five Recruiting Managers who had carried out recruitment between 1 April 2022 - 31 March 2023, of which three responded. We found that:			
<ul style="list-style-type: none"> • One Manager held copies of documents which related to recruitments in January and February 2023 and therefore is in compliance with the Data Retention Policy. • One Manager held documents from July and September 2022, which therefore exceeds the six months retention and is non-compliant with the Data Retention Policy. • One Manager had made three recent recruitments but had not retained any documentation to support the process and therefore was also non-compliant with the Data Retention Policy. 			
Our testing confirmed that ATS automatically locks recruitment records after the six months retention period is exceeded to ensure compliance with the Data Retention Policy.			
Management Action	Original Due Date	Revised Due Date	Latest Service Update From Action Owner
To ensure that there is clear reference to data retention in the updated Recruitment and Selection Procedure.	30.06.2024	31.12.2024	HR Policy Review underway.
To ensure that data retention is addressed as part of the induction process for new managers and in subsequent training in relation to recruitment and use of the ATS.	30.06.2024	31.12.2024	People and OD Business Partner will join in September 24 and will review induction process for new managers.
To ensure that all interview documentation is returned to HR following interviews and scanned electronically.	30.06.2024	31.12.2024	Interview documentation is requested on the REC09. Process for review and chase to be developed and implemented.

HR Workplan to be updated to include a monthly requirement for data cleansing.	30.06.2024	30.11.2024	Head of People and OD to review this action.
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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 04.11.2024	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 04.11.2024	Draft created. Completion imminent.
<p>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:</p> <ul style="list-style-type: none"> 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. <p>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.</p>			
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 04.11.2024	Draft created. Completion imminent.

Overdue 'Low & Medium Priority' Management Actions

Audit Review	Report Date	Opinion	Priority	Due Date	Revised Due Date
Information Security	30.05.2022	Reasonable	Low	31.12.2022	30.05.2024 01.09.2024 31.12.2024
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 31.10.2024
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
HR Recruitment	10.01.2024	Reasonable	Medium	30.06.2024	31.10.2024
			Medium	30.06.2024	31.12.2024

Audit Review	Report Date	Opinion	Priority	Due Date	Revised Due Date
			Medium	30.06.2024	31.12.2024
			Medium	30.06.2024	31.03.2025
			Medium	30.06.2024	31.03.2025
Homelessness	16.04.2024	Reasonable	Medium	30.06.2024	31.10.2024
			Medium	30.09.2022	31.01.2025
HR Follow Up	24.04.2024	n/a	Medium	30.06.2022	31.08.2024
					31.12.2024
Risk Management	21.05.2024	Reasonable	Medium	31.08.2024	31.10.2024