



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

**EPSOM & EWELL BOROUGH COUNCIL
INTERNAL AUDIT PROGRESS REPORT – DECEMBER 2024**

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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

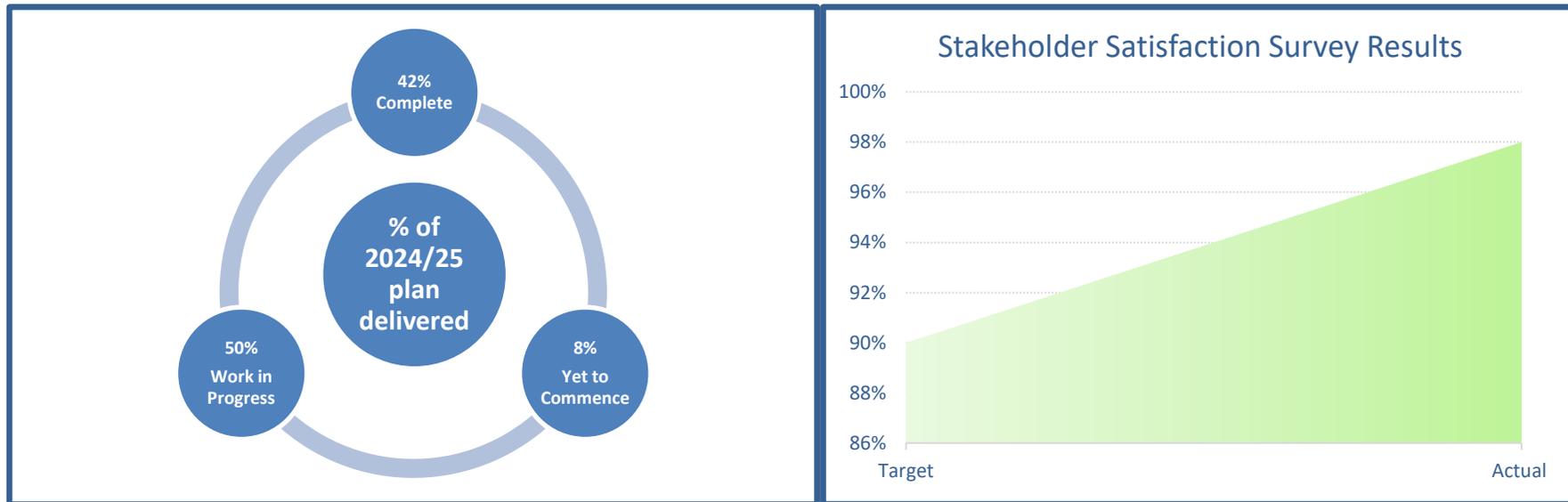
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- 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
Information Security	30/05/2022	HofIT	Reasonable	5(1)	0(0)	4(1)	1		
Affordable Housing Delivery	03/01/2023	HofH&C	Limited	14(7)	0(0)	13(7)		1	
Investments	28/02/2023	HofP&R	Reasonable	2(0)	0(0)	1(0)		1	
Ethical Governance	11/05/2023	HofP&CR	Reasonable	11(2)	0(0)	5(2)	1	5	
HR – Recruitment	10/01/2024	ADofCS	Reasonable	14(9)	0(0)	12(9)		2	
Fraud Framework	15/03/2024	ADofCS	Reasonable	8(1)	0(0)	7(1)		1	
Risk Management	21/05/2024	ADofCS	Reasonable	7(0)	0(0)	6(0)		1	
Business Continuity	28/06/2024	ADofCS	Limited	7(1)	1(0)	4(1)	1	1	
Information Governance	07/10/2024	ADofCS	Limited	10(1)	2(0)	6(1)	1	1	
Environmental Health – Food Safety	10/12/2024	HofH&C	No	11(5)	7(2)	3(3)		1	
Part 2 Exempt Items				30(8)	13(0)	14(8)		3	
Total				119(35)	23(2)	75(33)	4	17	0

*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 three new reports finalised concluding a “limited” or “no” assurance opinion since the last progress report.*

Information Governance		
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; border: 1px solid black;"> Low 5 </div> <div style="background-color: yellow; color: black; padding: 5px; border: 1px solid black;"> Medium 4 </div> <div style="background-color: red; color: white; padding: 5px; border: 1px solid black;"> High 1 </div> </div>
<p>Summary of key observations: The Council does not have a formally defined Data Protection Officer (DPO) role. The use of an officer from a neighbouring authority is in place, however there is no documentation which sets out the terms of this arrangement or what the DPO should deliver on behalf of the Council.</p> <p>Whilst a Data Protection Policy is in place and is accessible to all staff, this is in draft and has not been approved.</p> <p>Although there is a policy in place covering Freedom of Information (FOI) requests, Subject Access Requests (SARs) and Environmental Information Regulations (EIRs), this does not contain evidence of authorisation or approval by senior leadership or a date of review.</p> <p>Responsibilities for processing SARs, FOIs and EIRs are not formally assigned. Whilst testing of a sample of FOIs and SARs found all were handled appropriately and in good time, subject to the circumstances of the case, a sample of EIRs found that not all were completed on time as a result of delays in service areas responding to the request.</p> <p>Whilst the Council has constituted an Information Governance Working Group to provide steer and oversight on Data Protection, its Terms of Reference are yet to be approved and certain elements such as a list of participating members and meeting frequency are not stated.</p> <p>No Data Protection Impact Assessments have been completed ahead of the upcoming migration to Office 365 and change of Council offices.</p> <p>Whilst an Information Asset Register is in place, spanning 13 service areas, there is no schedule for review at present. All were last updated in 2022.</p> <p>Whilst a register exists to list the Data Sharing Protocols with external organisations, this is currently incomplete and is not held centrally.</p> <p>A Freedom of Information Act publication scheme is available on the Council website, however, the webpage is under construction and not all data is available, with various pages yet to be hyperlinked.</p>		

Environmental Health – Food Safety		
Audit Sponsor	Assurance opinion	Management Actions
Head of Housing & Community	 No	<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; color: black; padding: 5px; text-align: center;">Medium 3</div> <div style="background-color: red; color: white; padding: 5px; text-align: center;">High 5</div> </div>
<p>Summary of key observations:</p> <p>As background to this audit, the Council was already aware of its difficulty in fulfilling its requirement to perform inspections of all food establishments in the Borough. There had been an action plan imposed through the Food Standards Authority (FSA) in 2020 (in respect of underperformance in 2018/19) and severe disruption through COVID-19 exacerbated this further.</p> <p>The current 2024/25 Food Safety Service Plan has not yet been presented to, or approved by, the Environment Committee and an Action Plan (as requested by the FSA in June 2024) is yet to be drafted and submitted. The FSA’s original deadline was not met. However, we have since been advised that an extension was granted from the FSA.</p> <p>The Council is not fulfilling its statutory duty to deliver inspections in accordance with the Food Law Code of Practice. At the time of the audit, of 596 businesses across the Borough, 171 (28%) were overdue inspections and 122 (16%) had not been inspected at all. This does not include “re-inspections” that may be due.</p> <p>Re-inspections of premises are not logged in the system. These do not appear amongst the due and overdue inspections, and it is unclear whether these are scheduled at all. We therefore cannot give assurance over the degree to which re-inspections are being completed, and it cannot be ascertained from the current system how many are due or overdue.</p> <p>There is no formal or documented agreement in place with the contractor who is currently conducting all Category A, B and C inspections on behalf of the Council.</p> <p>During the time of the audit the Lead Officer for Food vacated the post. Whilst we were advised that the Public Protection Manager would cover the managerial aspects of the role, no arrangement has been put in place to cover the full role and to recruit to this post. There is also no central log of competent officers (as per FSA definition) or their CPD records to ensure that only suitably qualified staff are performing inspections and at their competence level.</p>		

The corresponding documentation was found to be in place in Uniform and IDOX for all in our sample of category A, B, C and E inspections tested. However, two out of five category D inspections didn't have accompanying records. This has since been rectified however highlights the absence of a management spot-check that documentation is being retained satisfactorily.

We were advised that, prior to 2023-24, there had been delays in submission of the data to the FSA, positively however, we reviewed submissions from March 2023 to March 2024 and found that data is being submitted when due, currently 6-monthly to the FSA (previously quarterly) as requested and the FSA have acknowledged receipt of this.

** The third report has been included within Part 2 exempt business.*

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	Comments
Reviews carried forward from previous years								
Main Accounting	CFO	✓	✓	✓	✓	✓	Limited	
Information Governance	ADofCS	✓	✓	✓	✓	✓	Limited	
Capital Programme	HofP&R	✓	✓	✓	✓	✓	Reasonable	
Accounts Payable	HofF	✓	✓	✓	✓	✓	Reasonable	
2024/25								
Relocation of Town Hall	HofP&R	✓	✓	✓	✓	✓	n/a	Position Statement
Human Resources	HofHR&OD							Q4 – scoping meeting to be arranged.
Financial Governance Framework (including Savings Realisation)	CFO	✓	✓	✓	✓	✓	Substantial	
Decision Making & Accountability	HofLS	✓	✓	✓				Q3
EEPIC – Governance Arrangements	HofP&R	✓	✓	✓				Q3 – Close of audit held, report pending.
IT Strategy	HofIT	✓	✓	✓	✓	✓	n/a	Position Statement
Data Backup & Ransomware Protection	HofIT							Q4 - scoping meeting scheduled for 30/1/25.
IT Follow Up	HofIT	✓	✓	✓	✓			Q1
Treasury Management	CFO	✓	✓	✓				Q2 – Close of audit held, report pending.
Payroll	HofHR&OD	✓						Q4
Playgrounds	HofOS	✓	✓	✓				Q2 – Close of audit held, report pending.
Planning Enforcement	HofPD	✓						Q4
Tree Management	HofPD	✓	✓	✓				Q3
Asset Management – Management of Leases and Rents	HofP&R	✓						Q4
Housing Allocations Policy	HofH&C	✓	✓	✓				Q3 – Close of audit held, report pending.

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comments
Env Health – Food Hygiene	HofH&C	✓	✓	✓	✓	✓	No	
Safeguarding	HofH&C	✓	✓	✓				Q3 – Close of audit held, report pending.
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 has been the following adjustment to the 2024/25 plan to date:

Plan Variations for 2024/25	
Removed from the plan	Reason
Housing Benefits	Postponed due to officer capacity to respond and engage with the review in Q4.

Overdue 'High Priority' Management Actions

None to report.

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 28.02.2025
Affordable Housing Delivery	03.01.2023	Limited	Medium	31.12.2024	31.12.2026
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 31.03.2025
			Medium	31.03.2024	30.06.2024 30.09.2024 31.12.2024 31.03.2025
			Medium	31.03.2024	30.06.2024 30.09.2024 31.12.2024 31.03.2025
			Medium	31.03.2024	30.06.2024 30.09.2024 31.12.2024 31.03.2025
			Medium	31.03.2024	30.06.2024 30.09.2024 31.12.2024 31.03.2025
			Low	31.12.2023	31.03.2024 30.06.2024 30.09.2024

Audit Review	Report Date	Opinion	Priority	Due Date	Revised Due Date
HR Recruitment	10.01.2024	Reasonable	Medium	30.06.2024	31.12.2024 31.03.2025
			Medium	30.06.2024	31.03.2025
Fraud Framework	15.03.2024	Reasonable	Medium	30.09.2024	31.01.2025 20.04.2025
Risk Management	21.05.2024	Reasonable	Medium	30.11.2024	31.03.2025
Business Continuity	28.06.2024	Limited	Medium	31.12.2024	28.02.2025
			Low	31.12.2024	28.02.2025
Information Governance	07.10.2024	Limited	Medium	31.12.2024	31.03.2025
			Low	31.10.2024	31.03.2025
Environmental Health – Food Safety	10.12.2024	No	Medium	31.12.2024	31.01.2025