



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

**EPSOM & EWELL BOROUGH COUNCIL
INTERNAL AUDIT PLAN 2025/26 (Q1/2)**

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Introduction

The mandate for internal audit in local government is specified within the Accounts and Audit [England] Regulations 2015, which states:

'5. (1) A relevant authority 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 scope of internal audit includes both assurance and advisory services covering the entire breadth of the Council, including all activities, assets, and personnel of the organisation.

The role of internal audit is that of an:

'Independent, objective assurance and advisory service 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 governance, risk management, and control 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 organisation's objectives.

The aim of internal audit's work programme is to provide independent and objective assurance to management, the Strategic Leadership Team and the Audit and Scrutiny Committee, in relation to the business activities; systems and processes under review that:

- the framework of internal control, risk management and governance is appropriate and operating effectively; and
- risks to the achievement of the Council's objectives are identified, assessed and managed to a defined acceptable level.

Conformance with internal auditing standards

From 1 April 2025, the 'standards or guidance' in relation to internal audit are those laid down in the Global Internal Audit Standards, Application Note: Global Internal Audit Standards in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government. The collective requirements shall be referred to as the Global Internal Audit Standards in the UK Public Sector.

The Southern Internal Audit Partnership have made all necessary adaptations to its processes, procedures and practices to ensure it is best placed to conform with these requirements with effect from 1 April 2025.

Prior to 1 April 2025 conformance was required to the Public Sector Internal Audit Standards (PSIAS). Under the PSIAS there was a requirement for audit services to have an external quality assessment every five years. In September 2020 the Institute of Internal Auditors were commissioned to complete an external quality assessment of the Southern Internal Audit Partnership against the PSIAS, Local Government Application Note and the International Professional Practices Framework.

In selecting the Institute of Internal Auditors (IIA) a conscious effort was taken to ensure the external assessment was undertaken by the most credible source. As the authors of the Standards and the leading Internal Audit authority nationally and internationally the IIA were excellently positioned to undertake the external assessment.

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.'

Despite the change in the Standards any external quality assessment undertaken under the Public Sector Internal Audit Standards remains valid for the duration of the successive five years (from the date it was undertaken). The Southern Internal Audit Partnership will be commissioning an external quality assessment against the Global Internal Audit Standards in the UK Public Sector during 2025.

Developing the internal audit plan 2025/26 (Q1/2)

In accordance with the Global Internal Audit Standards in the UK Public Sector there is a requirement that internal audit must create a risk-based internal audit plan that supports the achievement of the organisation's objectives. The internal audit plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to fulfil the audit mandate and delivery of the internal audit strategy.

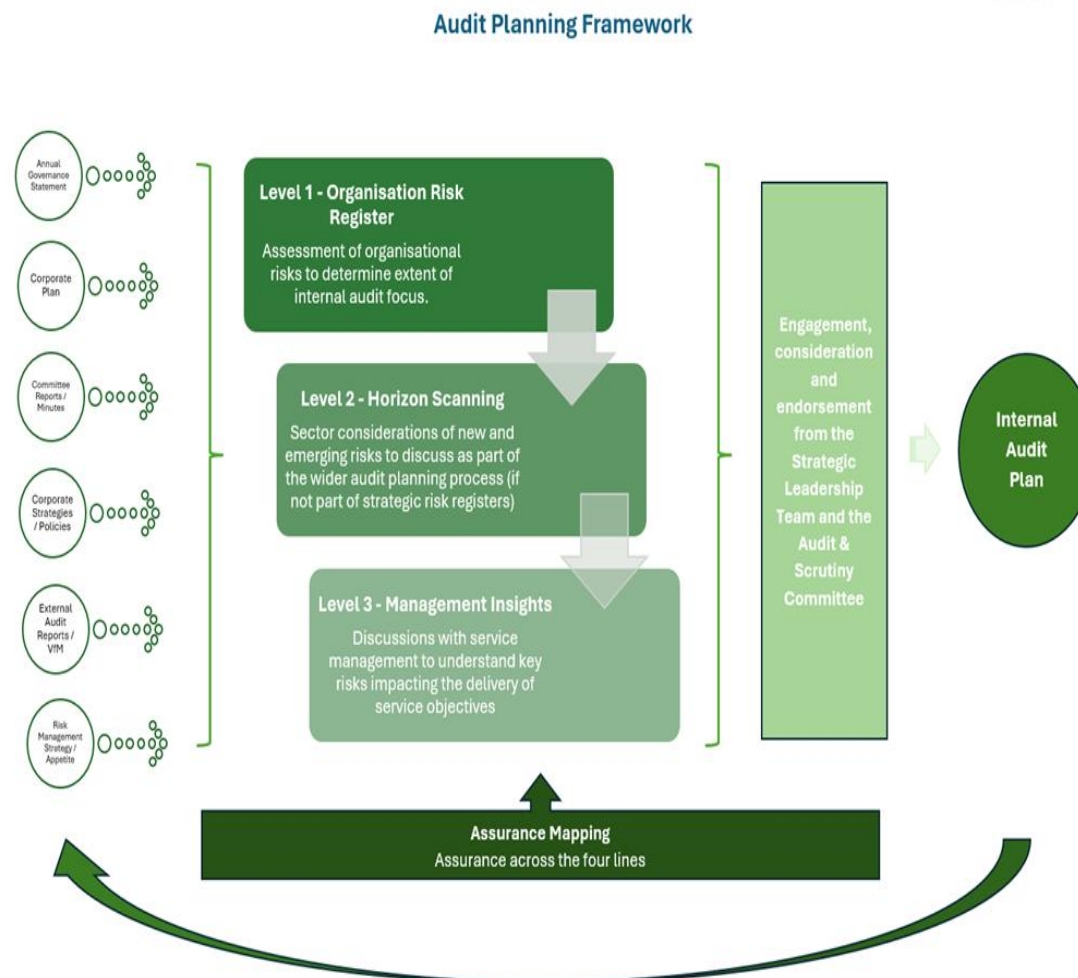
The risk-based internal audit plan is prepared based on a range of inputs (see diagram).

Audit planning is a perpetual process throughout the course of the year to ensure we are able to react to new and emerging risks and the changing needs of the organisation.

To ensure internal audit focus remains timely and relevant, the Southern Internal Audit Partnership has moved to a six monthly planning process. All auditable areas of review remain subject to ongoing assessment and discussion with management and the Audit and Scrutiny Committee.

Based on conversations with key stakeholders, review of risk registers, key corporate documents, our horizon scanning analysis (Annexe 1) and our understanding of the organisation, we have developed a plan of proposed internal audit coverage during quarters 1 and 2.

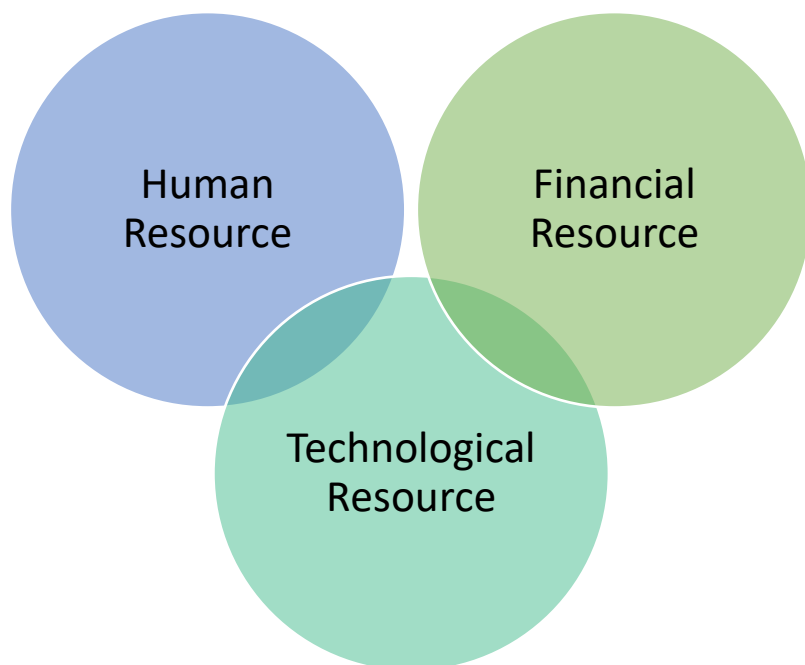
The Council are reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not seek to cover all risks and processes within the organisation. We will however continue to work closely with other assurance providers to ensure that duplication is minimised, and a suitable breadth of assurance is obtained.



Internal audit resources

On development of the Q1/2 2025/26 internal audit plan as Chief Internal Auditor I am of the opinion that there is a sufficient level of resource available, supported by an appropriate range of knowledge, skills, qualifications and experience to deliver the internal audit plan in the fulfilment of the audit mandate and delivery of the internal audit strategy.

The Head of the Southern Internal Audit Partnership has a resource strategy in place to optimise internal audit resources to efficiently and effectively deliver the internal audit plan.



Human Resource - the internal audit service has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver the internal audit strategy and operational risk-based audit plan.

If the Chief Internal Auditor, Strategic Leadership Team or the Audit and Scrutiny Committee consider that the scope or coverage of internal audit is limited in any way, or the ability of internal audit to deliver a service consistent with the Global Internal Audit Standards in the UK Public Sector is prejudiced, they will advise the Assistant Director (Corporate Services) and the Director of Corporate Services and Chief Finance Officer (S151) accordingly.

Financial Resource - the Head of Southern Internal Audit Partnership will manage the internal audit budget to enable the successful implementation of the internal audit mandate and achievement of the plan. The budget includes the resources necessary for the function's operation, including training and relevant technologies and tools.

Technological Resource - the internal audit function has the technology to support the internal audit process and regularly evaluates technological resources in pursuit of opportunities to improve effectiveness and efficiency.

Resourcing the internal audit plan

The Global Internal Audit Standards in the UK Public Sector require a clear analysis of the resources and hours available for internal audit engagements compared to other administrative and non-audit related activities or initiatives focused on improving the internal audit function.

Q1/2 Activity		Days
Risk-Based Audit /Advisory	- Delivery of risk-based internal audit assignments designed to fulfil the audit mandate, delivery of the internal audit strategy and in support of the Council in the achievement of their objectives.	92
Audit Management	- Time allocated for the liaison and reporting to Strategic Leadership Team and the Audit and Scrutiny Committee, ongoing monitoring and update of the audit plan, implementation of management actions and ongoing quality review.	10
Total Q1/Q2 Audit Days		102
Total Annual Audit Days	- Total resource allocation for the delivery of the internal audit plan for 2025/26	199
Total Audit Days remaining		97

*100% of the commissioned audit days are dedicated to fulfilling the audit mandate, and delivery of the internal audit strategy. Internal audit services are provided through the Southern Internal audit Partnership who undertake all administrative and non-audit related activities outside of the commissioned audit days.

A range of internal audit services are provided to deliver the internal audit plan (see Internal Audit Charter). The approach is determined by the Chief Internal Auditor and will depend on the level of assurance required, the significance of the objectives under review to the organisation's success, the risks inherent in the achievement of objectives and the level of confidence required that controls are well designed and operating as intended.

Your Internal Audit Team





Your internal audit service is provided by the Southern Internal Audit Partnership. The team will be led by Natalie Jerams, Deputy Head of Southern Internal Audit Partnership (Chief Internal Auditor), supported by Joanne Barrett, Audit Manager.


Independence

The Chief Internal Auditor will ensure that the internal audit function remains free from all conditions that threaten the ability of auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. The Chief Internal Auditor is not aware of any relationships that may affect the independence and objectivity of the internal audit team.

The internal audit team retains no roles or responsibilities that have the potential to impair the internal audit functions independence, either in fact or appearance. Should such circumstance arise, the Chief Internal Auditor will advise the Audit and Scrutiny Committee of the safeguards put in place to manage actual, potential or perceived impairments.

Internal Audit Plan 2025-26 (Q1/2)

Audit Assignment	Audit Sponsor	Scope	Corporate Priority	Risk Register Reference	Assurance / Advisory	Internal Audit Risk Assessment	Quarter
Climate Change Strategy	HofPD	Assurance over the monitoring and delivery of the Climate Change Strategy and action plan.	 Green & Vibrant	PD1, OS21, PR15,	Assurance	High	Q2
Procurement	ADCS	Assurance over compliance with Contract Standing Orders and legislative requirements including the new Procurement Act.	Governance	PCR26, PCR30	Assurance	High	Q2
HR – Organisational Capacity/Resilience	HofP&OD	To review arrangements in place for organisational capacity, staff resilience and workforce planning.	 Effective Council	HR10	Assurance	High	Q2
Car Parking	HofH&C	Assurance over the arrangements in place for the collection of income including the processes in place for PCNs.	 Opportunity & Prosperity	HC10	Assurance	High	Q1
Environmental Health Duties – HMO & Private Landlords	HofH&C	Assurance over the delivery of duties in relation to HMO and Private Landlord regulations.	 Opportunity & Prosperity	HC24	Assurance	High	Q1
Council Tax	DofCS	Fundamental financial system review.	Financial	F2	Assurance	High	Q2
NNDR	DofCS	Fundamental financial system review.	Financial	F2	Assurance	High	Q2

Audit Assignment	Audit Sponsor	Scope	Corporate Priority	Risk Register Reference	Assurance / Advisory	Internal Audit Risk Assessment	Quarter
Development Management	HofPD	To review arrangements to monitor and manage the performance of Development Management service delivery.		PD3	Assurance	High	Q1
Conservators Account	DofCS	Review and completion of the annual governance and accountability return.			n/a	n/a	Q1

Four Year Plan Key Themes



Audit Sponsor			
DofCS	Director of Corporate Services (S151)	DCE	Deputy Chief Executive & Director of Environment, Housing & Regeneration
ADCS	Assistant Director, Corporate Services	HofH&C	Head of Housing & Community
HofPD	Head of Place Development	HofOS	Head of Operational Services
HofP&OD	Head of People and Organisational Development	HofP&R	Head of Property & Regeneration
HofLDS	Head of Legal & Democratic Services and Monitoring Officer	HofICT	Head of ICT
IAHofS	Interim Assistant Head of Service and Streetcare Manager	IAHofV&C	Interim Assistant Head of Service, Venues & Community Commercial Services

SIAP – Local Authority

Horizon Scanning

SIAP maintain representation across a number of national forums gaining a knowledge and oversight of key and emerging risks within the sector. This coupled with the intelligence built across our Partner / client portfolio provides opportunity to pool collective knowledge enabling consideration of existing and emerging risk exposures as part of our planning within each of the organisations within which we operate.

The areas highlighted below are not exhaustive and may not necessarily constitute an internal audit review in all organisations, instead it provides a point of reference to discuss with stakeholders as part of the planning process.

National
<p>Cyber</p> <p>Local authorities manage a wide range of sensitive data making them attractive targets for cyber criminals. There has been a rise in the number of cyberattacks on local governments with hackers increasingly targeting them for ransomware and data breaches. These incidents can result in the theft of sensitive information and significant operational disturbance.</p> <p>Key forms of cyber-attack include, malware, phishing, password, man-in-the-middle, SQL injection, denial of service, insider threat, and cryptojacking.</p>
<p>Financial Resilience / Savings Realisation</p> <p>The lack of sufficient funding coupled with a volatile financial climate (inflation, interest rates, cost of living), coupled with rising demands for core services have created real financial challenges across the public sector. To meet future budget gaps organisations are having to deliver challenging transformation / savings proposals to generate ongoing savings and avoid the prospect of an unsustainable draw on reserves.</p>
<p>Climate Strategy</p> <p>The Government have set some challenging targets for the reduction of greenhouse gas emissions. This poses significant challenges for local authorities given the range and diversity of their operations. Many organisations have adopted climate change strategies and ambitious action plans for delivery. Climate change sits at the heart of many organisations' corporate plans, objectives and priorities over the medium term and as such is a key deliverable.</p>
<p>Artificial Intelligence (AI)</p> <p>AI can offer tremendous opportunities in the delivery of public services and the streamlining of business operations; however, this does not come without risk. Given the significant resource and funding constraints in local government, and resident expectation, councils need to be part of an AI-powered future. Risks in the adoption of AI centre around ineffective governance, insufficient data foundations, data infrastructure, lack of capacity or acumen etc.</p>

National

Recruitment & Retention

As austerity continues to challenge local authorities, they become a less attractive proposition for those seeking employment. Having the right calibre and number of staff is vital to the delivery of high-quality services and to maintain sufficient organisational capacity.

Inefficient and ineffective recruitment can hinder securing higher calibre candidates and lack of support, opportunity or management can inhibit retention

Cost of Living (income collection)

Implications relate closely to organisations financial resilience. The cost-of-living crisis has knock on effects of increased service pressures (housing, homelessness, housing benefits) in addition to pressure on income collection, Ctax, NNDR, debt collection etc. Further implications can extend to the financial instability of an organisation's contractors, suppliers and supply chain management etc.

Culture

The root cause to many of the current issues faced by local authorities is underpinned by the organisation's culture. As a result, local authorities are increasingly having to examine and assess the concept of culture and if it supports their strategy and mandate. Culture can be positive or negative:

- **Positive** – ambitious, collaborative, committed, forward thinking, resilient, optimistic, open to change etc,
- **Negative** – challenging, demoralised, out of touch, siloed, stressed, tired, toxic, uncertain etc.

Devolution

The transfer of powers and funding from national to local government. The Devolution Priority Programme is for areas who wish to move towards devolution at pace. The Minister of State for Local Government and English Devolution has outlined that participants must have local agreement to move forward around a sensible geographical footprint. The Devolution Priority Programme is for areas wishing to pursue the establishment of a Mayoral Strategic Authority. This will be with a view to inaugural mayoral elections in May 2026.

Areas who join the Devolution Priority Programme will be invited to submit interim proposals to Government by March 2025. Areas which have delayed local elections will be invited to submit full proposal by May 2025, and all remaining areas invited to submit proposals by autumn 2025.

Local Government Reorganisation

Local government reorganisation is the process in which the structure and responsibilities of local authorities are reconfigured. In the context of the English Devolution White Paper, the Government have set out plans to move away from the current two-tier system of district and county councils. The Government has indicated that for most areas this will mean creating councils with a population of 500,000 or more, but there may be exceptions to ensure new structures make sense for an area, including the devolution, and decisions will be on a case-by-case basis.

The Government have indicated that they intend to deliver new unitary authorities included in the Devolution Priority Programme by April 2027 and remaining unitary authorities by April 2028.

Sector Knowledge

Tree Management

Due to a range of issues (Ash Dieback, environmental conditions etc) the health & safety risks of falling trees have increased. Reviews undertaken across a number of Partners has highlighted poor levels of control with regard the effective inspection and maintenance of trees. Of particular concern are those where the public have access, tree lined highways and those located around schools. The absence of effective management and maintenance leaves a significant risk to the public and the vulnerability of the Council should an incident occur.

Local Plan (Tier 2)

The Local Plan is a statutory requirement and guides how the communities and places across the district will develop over a 15- year period. Government has made it clear that all local authorities must have an up-to-date plan. Failure to do so could lead to intervention whereby the Government writes Local Plans and policies and could result in unplanned development in unsustainable locations. On 18 October 2024 a consultation closed on proposals to make local plans simpler, faster to prepare and more accessible.

Agency Staff

In the face of increased service pressures and the ongoing challenge of recruitment and retention it has been observed that there is a significant increase in the use of agency / interim staff. This is a costly alternative to recruitment and analytics in some organisations has seen some agency staff employed for a prolonged period questioning value for money, workforce management and decision making.

Procurement Act 2023

The rules governing public procurement are changing. The new Procurement Act introduced several new requirements that are due to go live on 24 February 2025. This affects all local authorities and as such their preparedness for change is key to future governance and control. Some of the areas the legislation is looking to enhance / improve include:

- Make procurement more accessible, efficient and beneficial for councils and suppliers
- Provide a clearer framework for decision making
- Simpler and more flexible
- Open up procurement to new entrants
- Embed transparency

Contract Management

Influenced by the Procurement Act 2023 the extended procurement life cycle necessitates a more integrated approach to procurement and contract management. Contracting Authorities should ensure that these functions are aligned to comply with transparency requirements and leverage the Act's flexibilities.

Even the best procurement framework may fail to deliver satisfactory outcomes if ongoing contract management is ineffective. To ensure that contracts deliver both economic and social value, local authorities need to ensure that a comprehensive contract management framework is in place and is adhered to consistently throughout the life of a contract. It is important that local authorities can demonstrate to the public that value is being delivered from the contracts that are held. As ongoing contract management is usually a separate function to procurement, its importance to ensuring that value is delivered may sometimes be neglected.

Sector Knowledge

Special Educational Needs (Tier 1)

Based on an NAO estimate, around 1.9 million children and young people aged 0 to 25 years in England (11%) were identified as having special educational needs (SEN) in January 2024, with 1.7 million at school. Local authorities, working with national and local bodies, have a statutory responsibility to ensure children receive the support they need. A significant rise in service demand has caused increased financial and staffing pressures in this area which can adversely impact the organisation's ability to discharge their legal duties (in relation to SEND) but also place additional financial pressures on the wider organisation.

Buildings – Statutory Checks

Reviews across a range of organisations has highlighted significant health & safety exposure in the absence of robust governance, control and management of statutory check (fire, wate, electric, gas, legionella etc.) within council owned buildings (both civic and housing). Common risks and exposures have been highlighted regardless of the delivery method (contract or in-house). The physical risk to occupiers of the buildings coupled with the reputational and financial risk to the organisation in the event of an incident sees this remain a key area of focus.

Digitalisation

Local authorities have been focusing on improving public services through technology. This trend is driven by the increasing demand for 24/7 service availability and digital access to council services coupled with the drive for more efficient and effective process. Initiatives can be hampered by a siloed approach (not taking a whole-council approach); lack of technical acumen, programme, project management skills / governance, vfm outcomes, and not learning from the experiences of others.

School Transport (Tier 1)

Home to school transport has become an increasing pressure on council budgets as a combination of increases in demand from pupils with special educational needs and a lack of supply pushing up costs. Further influences include fuel costs perpetuated by wider world events.

Homelessness (Tier 2)

Under the Homelessness Act 2002, all housing authorities must have in place a homelessness strategy based on a review of all forms of homelessness in their district. The strategy must set out the authority's plans for the prevention of homelessness and for securing that sufficient accommodation and support are or will be available for people who become homeless or who are risk of becoming so. Demand against a limited housing provision can lend itself to expensive and extended alternatives.

Housing – Consumer Standards (Tier 2)

In the midst of increased Housing Ombudsman activity focused on key service failures, the rollout of new Government policies aimed at increasing the supply of social housing, consultation around Awaab's Law, and the conclusion of the Grenfell tower inquiry, the Regulator of Social Housing (RSH) introduced a set of Consumer Standards. These are designed to drive improvements in the quality of services provided to tenants, while ensuring Registered Providers (RPs) (both local authorities and housing associations) maintain a strong compliance framework.

The RSH has taken a more proactive approach to regulating the sector and in April 2024 introduced a programme of regulatory inspections around the Consumer Standards. This will be for all RPs, but particularly for local authorities that were not subject to In-Depth Assessments previously.

Planning Reform

Recently the Government consulted on changes to The National Planning Policy Framework and changes to the planning system, which will have an impact on local authorities once the outcome is known. It will be important for all local authorities to assess the impact of these changes and ensure that they have an action plan to implement the changes.

Governance / Statutory	
<ul style="list-style-type: none">• Grants• Annual Governance Statement• Risk Management• Fraud Frameworks• Information Governance (DPA / FOI, SAR)• Key Financial Systems	<ul style="list-style-type: none">• Business Continuity Planning• Health & Safety• Ethical Governance• HR (general)• Project and Programme Management