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# **Southern Internal Audit Partnership**

Assurance through excellence  
and innovation

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## **SPELTHORNE BOROUGH COUNCIL INTERNAL AUDIT PROGRESS REPORT**

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

**June 2025**

## 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.’***

With effect from 1 April 2025, the ‘Standards’ against which internal audit within the public sector must conform 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 are 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 with the Public Sector Internal Audit Standards (PSIAS). Consequently, in fulfilling the audit mandate and delivery of internal audit service for the purposes of the 2024-25 internal audit delivery the PSIAS remain the relevant Standards.

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

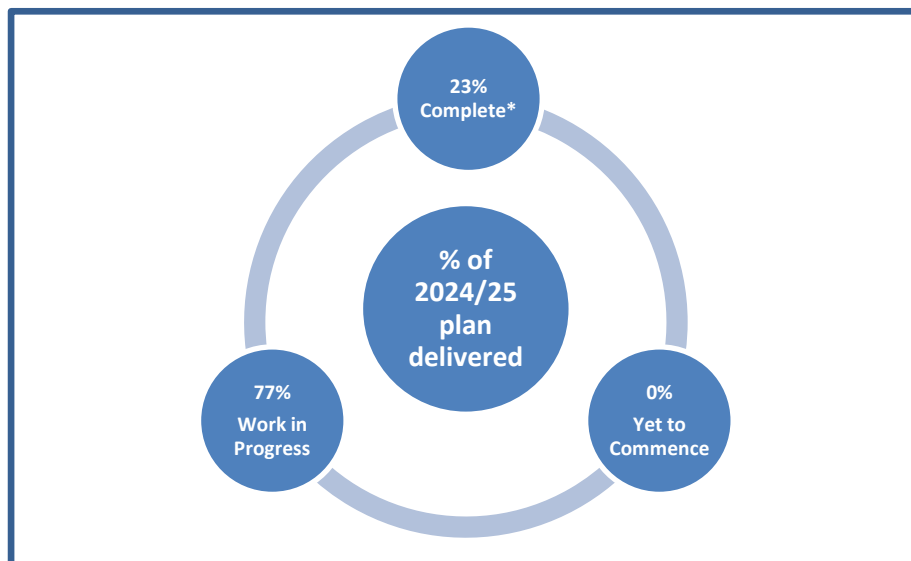
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to 'Senior Management' and 'the Board', summarising:

- 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.

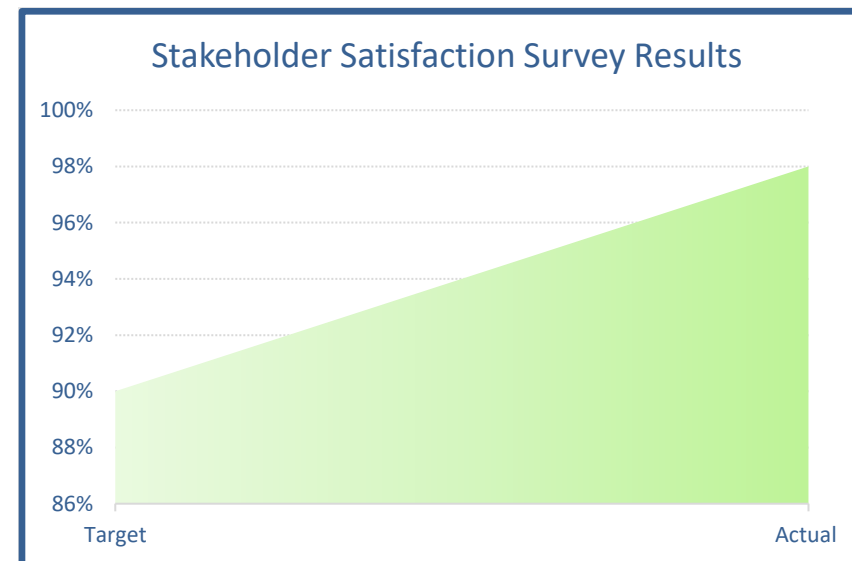
Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. Assurance opinions are categorised as follows:

|                    |  |
|--------------------|--|
| <b>Substantial</b> | 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.  |
| <b>Reasonable</b>  | 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.                     |
| <b>Limited</b>     | 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.                       |
| <b>No</b>          | 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



\* With a further 54% issued to draft report stage.



#### 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

This section reflects the status of management actions as at 31 May 2025.

| Audit Review – Pre SIAP | Report Date | Audit Sponsor | Assurance Opinion | Recommendations |          |          | Not Yet Due | Complete | Overdue  |          |          |
|-------------------------|-------------|---------------|-------------------|-----------------|----------|----------|-------------|----------|----------|----------|----------|
|                         |             |               |                   | L               | M        | H        |             |          | L        | M        | H        |
| Disaster Recovery       | Apr 24      | DCE           | Limited           | 4               | 3        |          |             | 5        |          | 2        |          |
| Commercial Assets       | Jul 24      | DCE/S151      | Reasonable        |                 | 3        |          |             | 2        |          | 1        |          |
| <b>Totals</b>           |             |               |                   | <b>4</b>        | <b>6</b> | <b>0</b> | <b>0</b>    | <b>7</b> | <b>0</b> | <b>3</b> | <b>0</b> |

| Audit Review - SIAP                 | Report Date | Audit Sponsor | Assurance Opinion | Total Management Action(s) * | Not Yet Due | Complete     | Overdue  |          |          |
|-------------------------------------|-------------|---------------|-------------------|------------------------------|-------------|--------------|----------|----------|----------|
|                                     |             |               |                   |                              |             |              | L        | M        | H        |
| Building Control                    | 27.01.25    | DCE           | Limited           | 11(6)                        | 0(0)        | 9(4)         |          |          | 2        |
| Equality, Diversity and Inclusivity | 03.06.25    | DCE           | Limited           | 8(4)                         | 7(4)        | 1(0)         |          |          |          |
| <b>Total</b>                        |             |               |                   | <b>19(10)</b>                | <b>7(4)</b> | <b>10(4)</b> | <b>0</b> | <b>0</b> | <b>2</b> |

\*Total number of management actions (total number of high priority actions)

| Audit Sponsor  |   |
|--|---|
| <b>Chief Executive (CE)</b><br>Daniel Mouawad                        |   |
| <b>Deputy Chief Executive &amp; S151 (DCE/S151)</b><br>Terry Collier | <b>Deputy Chief Executive (DCE)</b><br>Lee O'Neil |

## 5. Executive Summaries of reports published concluding a 'Limited' or 'No' assurance opinion

There has been one new report produced concluding in a limited or no assurance opinion since the last progress report.

| Equality, Diversity & Inclusivity (EDI)   |                   |                      |   |
|---|-------------------|----------------------|---|
| Audit Sponsor   | Assurance opinion | Management Actions   |   |
| Deputy Chief Executive  | Limited           | <div>Low<br/>2</div> | <div>Medium<br/>2</div> <div>High<br/>4</div> |
| <p><b>Summary of key observations:</b></p> <p>The purpose of the audit was to review the Council's compliance with the minimum statutory duties set out in the Equality Act 2010 and Public Sector Equality Duty (PSED).</p> <p>Public Sector Equality Duty is addressed within the corporate policies such as the corporate plan, annual plan and EDI Policy. However, whilst there is evidence that the Council promotes EDI awareness, there is no approved EDI strategy in place. The Corporate Plan states that an EDI strategy will be in place by the end of 2025, however we were not provided with any evidence to indicate that this action was being developed at the time of the audit.</p> <p>The duties within the PSED state that three specific categories of information should be collected and published (general duty compliance with regard to people affected by your policies and practices every year, general duty compliance with regard to your employees every year and publish gender pay gap data by 31 March every year). However, whilst we found that the Council publishes information annually with regard to people affected by the policies and practices, and that Gender Pay Gap data was published before the 31 March deadline for the 2023/24 financial year, the "general duty compliance with regard to your employees every year" has not been collected and published.</p> <p>We found that the Council's decision making is clearly shown when reviewing the three aims of the Public Sector Equality Duty within their Equality Impact Assessments for new projects/schemes. Whilst we found that a template has been set up for Equality Impact Assessments to assist with decision making, the actions are not centrally logged and reviewed.</p> <p>There is a requirement for staff to complete annual online training on Equality, Diversity and Inclusion. At the time of audit, the training completion rate was 77.5%, therefore nearly a quarter of the workforce have not completed the mandatory training requirement.</p> |                   |                      |   |

## 6. Planning & Resourcing

The internal audit plan for 2024-25 was approved by the Management Team (MAT) and Audit Committee in July 2024.

Due to the Best Value Inspection, the internal audit plan was more heavily weighted to Q3 and Q4 in acknowledgement of officer capacity and the avoidance of potential areas of duplication during this period. Correspondence received by the Council on 22 August 2024 from the Ministry of Housing Communities & Local Government (MHCLG) indicated the anticipated completion date of the Best Value Inspection to be 29 November 2024. However, the Council were advised that the Inspection would continue until the end of January 2025 where the inspectors would then feedback to the MHCLG and a report will follow. The absence of a fully resourced inspection team not being in place until 17 October 2024 was understood to be the primary driver for the delayed completion date.

The Best Value Inspection has now concluded with the Council receiving a letter from the Minister on 17 March 2025 outlining the next steps for the authority and the appointment of commissioners in May 2025.

We have continued to work with management to maintain a level of flexibility in our approach to deliver the internal audit plan over the remainder of the year. In doing so, some reviews required deferral, however, assuming no further deferrals are made to the plan, there remains sufficient assurance work to enable the Chief Internal Auditor to provide their annual opinion on the council's framework of governance, risk and control. Section 8 lists the adjustments to the plan to date.

Positive progress continues in the delivery of the internal audit annual plan 2024/25, however, following a delayed start to the year and challenges to officer capacity during the Council's Best Value Inspection, the annual internal audit conclusion will now be presented to the September 2025 meeting of the Audit Committee. Progress against the plan is detailed within section 7.

From the work carried out to date, it is anticipated that internal audits overall conclusion on the framework of governance, risk management and control will conclude in a 'limited assurance' opinion. This position will continue to be assessed throughout the completion of the 2024/25 internal audit plan and through the continued assessment of other relevant sources of assurance.

A final internal audit opinion on the framework of governance, risk management and control for 2024/25 will be concluded for contribution to and incorporation within the final version of the Annual Governance Statement (2024/25) in September 2025.

## 7. Rolling Work Programme

| Audit Review   | Sponsor  | Scoping | Terms of Reference | Fieldwork | Draft Report | Final Report | Assurance Opinion | Comment                                    |
|--|----------|---------|--------------------|-----------|--------------|--------------|-------------------|--|
| Risk Management  | DCE      | ✓       | ✓                  | ✓         | ✓            |              |                   | Draft report issued 4/6/25.                |
| Contract Management  | DCE/S151 | ✓       | ✓                  | ✓         |              |              |                   | Fieldwork delayed due to officer capacity. |
| Procurement  | CE       | ✓       | ✓                  | ✓         | ✓            |              |                   | Draft report issued 11/6/25.               |
| Accounts Receivable & Debt Management  | DCE/S151 | ✓       | ✓                  | ✓         |              |              |                   |  |
| Reinforced Autoclaved Aerated Concrete   | DCE/S151 | ✓       | ✓                  | ✓         | ✓            |              |                   | Draft report issued.                       |
| Commercial Waste (SDS)   | DCE      | ✓       | ✓                  | ✓         | ✓            |              |                   | Draft report issued 4/6/25.                |
| Building Control   | DCE      | ✓       | ✓                  | ✓         | ✓            | ✓            | Limited           | Q2 ⇌ Q3.                                   |
| CIPFA Financial Management Code and Best Value Indicators for Use of Resources | DCE/S151 | ✓       | ✓                  | ✓         | ✓            |              |                   |  |
| Savings Realisation  | DCE/S151 | ✓       | ✓                  | ✓         | ✓            |              |                   | Draft report issued 11/6/25.               |
| Tree Maintenance   | DCE      | ✓       | ✓                  | ✓         | ✓            |              |                   | Draft final report issued 18/6/25.         |
| ITIL Assurance Mapping   | DCE      | ✓       | ✓                  | ✓         | ✓            | ✓            | n/a               |  |
| Data Backup and Disaster Recovery  | DCE      | ✓       | ✓                  |           |              |              |                   | Q4 – delayed due to SIAP availability.     |
| Equality, Diversity & Inclusivity  | DCE      | ✓       | ✓                  | ✓         | ✓            | ✓            | Limited           |  |



## 8. Adjustments to the internal audit plan

The following adjustments to the plan have been made:

| Removed from the Plan                   | Reason  |
|---|---|
| Cyber Security – Training and Awareness | Following the ITIL Assurance Mapping review, a review of Data Backup and Disaster Recovery has been assessed as higher priority.<br><br>Please see section 6 of the report for details. |
| Corporate Plan                          |   |
| Council Tax                             |   |
| Health and Safety                       |   |
| Affordable Housing / Homelessness       |   |
| Best Value – Post Inspection            |   |
| Additions to the Plan                   | Reason  |
| Data Backup and Disaster Recovery       | Following the ITIL Assurance Mapping review, a review of Data Backup and Disaster Recovery has been identified.   |

## Overdue 'High Priority' Management Actions

| Building Control – Limited Assurance   |                   |                             |  |
|--|-------------------|-----------------------------|--|
| <b>Observation:</b> The Building Safety Regulator - Operational Standards Rules monitoring arrangements sets out in KPI 1 - Building Control Functions, what they require for quarterly reportable data. Testing found that currently there are no reports that can be run to extract this information out of the IDOX Uniform system. BSR have also not yet advised the Council how they wish to receive this information, and therefore this presents further uncertainty and potential delays in preparations for the new regulations.  |                   |                             |  |
| Management Action  | Original Due Date | Revised Due Date            | Latest Service Update  |
| Revise processes and procedures (and ensure staff training takes place) to ensure that all the relevant fields are filled in to enable data to be extracted.   | 28.02.25          | 30.06.25<br><b>30.07.25</b> | June 2025 - New part time management resource is providing in house training with the BC team to ensure all the relevant fields are being completed.   |
| <b>Observation:</b> Quarterly and annual reportable data to the Building Safety Regulator (BSR) is not currently in place due to a combination of both the IDOX Uniform system and the BSR not having yet released the portal for local authorities to upload their data for submission. The IDOX Uniform System at the time of the audit is not set up for the Building Control Team to be able to run the reports that are required in order to be able to report on the data and information that the BSR will require from April 2025. This consequently impacts compliance across a range of the KPI's that were reviewed as part of the audit testing. For KPI 5, the Council is unable to provide the required elements of having a Quality Management Scheme in place, although this is currently with the Local Authority Building Control (LABC) to confirm next steps in supporting this compliance area. |                   |                             |  |
| Management Action  | Original Due Date | Revised Due Date            | Latest Service Update  |
| Obtain confirmation from LABC that we are signed up to their Quality Management Scheme (QMS). Made a request in November 2024.   | 28.02.25          | 30.06.25<br><b>30.09.25</b> | June 2025 – The Council are on the LABC list to be added to the QMS. The service risk register has been submitted to LABC on 07.05.25 and the internal audit and gap analysis will be submitted during July (after an annual audit review meeting with the Building Control team). LABC will then need to review and undertake an audit and advise on improvements before allowing us to sign up to their QMS system. They have a backlog so it will take several months to work through the system. |

## Annex 2

## Overdue 'Medium and Low' Recommendations

| Audit Review – Pre SIAP | Report Date | Opinion    | Priority |     | Due Date | Revised Due Date                   |
|-------------------------|-------------|------------|----------|-----|----------|------------------------------------|
|                         |             |            | Medium   | Low |          |                                    |
| Disaster Recovery       | Apr 2024    | Limited    | 1        |     | 31.07.24 | 31.03.25<br>30.04.25<br><b>TBC</b> |
|                         |             |            | 1        |     | 31.08.24 | 31.03.25<br><b>TBC</b>             |
| Commercial Assets       | July 2024   | Reasonable | 1        |     | 31.05.25 | 31.08.25                           |
| Total                   |             |            | 3        | 0   |          |                                    |