Southern Internal Audit Partnership

Assurance through excellence and innovation

SPELTHORNE BOROUGH COUNCIL

Annual Internal Audit Conclusion 2024-2025

Prepared by: Natalie Jerams, Deputy Head of Partnership

August 2025

1. Internal Audit Standards

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 adaptions 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 annual conclusion the PSIAS remain the relevant Standards.

2. Internal Audit Mandate

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.*
>
> *(2) Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit—*
>
> *(a) make available such documents and records; and*
> *(b) supply such information and explanations*
>
> *as are considered necessary by those conducting the internal audit.'*

The role of internal audit is best summarised through its definition within the Standards as:

> '*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 organisations' objectives.

3. Internal Audit Approach

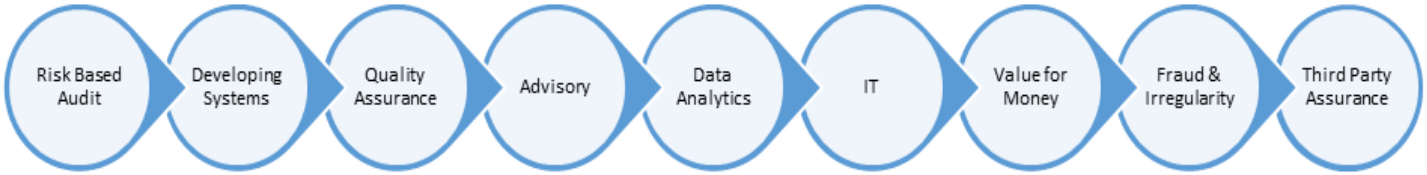
To enable effective outcomes, internal audit provides a combination of assurance and advisory activities. Assurance work involves objective assessment of how well systems and processes are designed and working, with advisory activities available to help to improve those systems and processes where necessary whilst not assuming any management responsibilities.

As the Chief Internal Auditor, I review the approach to each audit, considering the following key points:

- Level of assurance required.
- Significance of the objectives under review to the organisation's success.
- Risks inherent in the achievement of objectives.
- Level of confidence required that controls are well designed and operating as intended.

All formal internal audit assignments will result in a published report. The primary purpose of the audit report is to provide an independent and objective opinion to the Council on the framework of internal control, risk management and governance in operation and to stimulate improvement.

A full range of internal audit services is available in forming the annual audit conclusion:



The Southern Internal Audit Partnership maintain an agile approach to audit, seeking to maximise efficiencies and effectiveness in balancing the time and resource commitments of our partners, with the necessity to provide comprehensive, compliant and value adding assurance.

We have sought to optimise the use of virtual technologies to communicate with key contacts and in completion of our fieldwork, however, the need for site visits to complete elements of testing continues to be assessed and agreed on a case-by-case basis.

4. Internal Audit Coverage

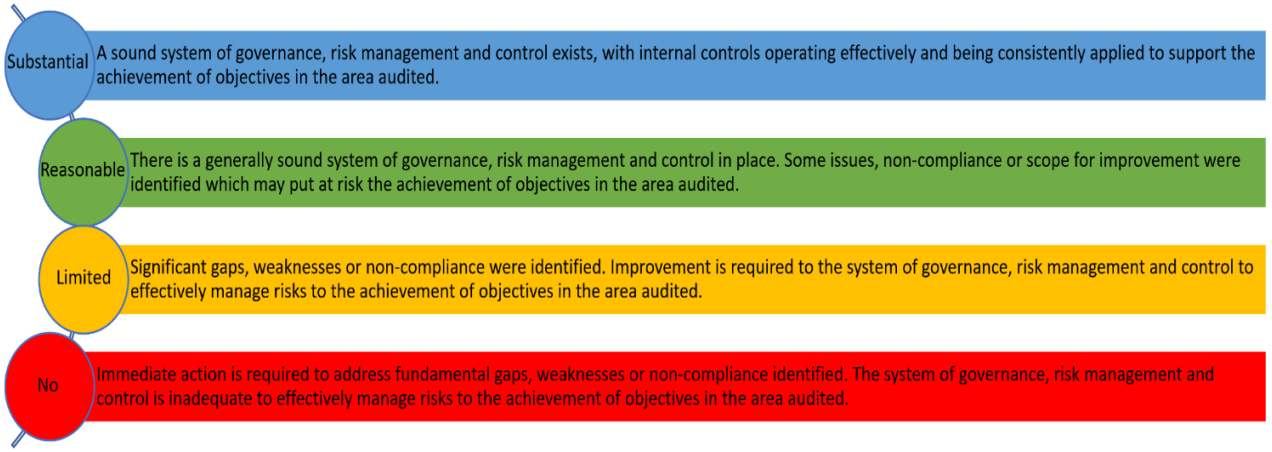
The internal audit plan is prepared taking account of the characteristics and relative risks and objectives of the Council and to support the preparation of the Annual Governance Statement. Work has been planned and performed to establish if sufficient evidence is available to provide reasonable assurance that the framework of governance, risk management and internal control is operating effectively.

The 2024-25 internal audit plan was considered by the Audit Committee in July 2024. It was informed by internal audit's own assessment of risk and materiality in addition to consultation with management to ensure it aligned to organisational objectives / priorities and the key risks facing the organisation.

Any changes to the plan throughout the year have been reported to the Audit Committee through our regular internal audit progress reports.

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

The assurance opinions are categorised as follows:



5. Resources

The Southern Internal Audit Partnership has a strategy in place to optimise internal audit resource. Ongoing sufficiency of resources (financial, human and technological) are transparently communicated to senior management and the Audit Committee through regular reporting as part of the approval of the internal audit plan and further throughout the year as part of the progress reports and ultimately within the annual conclusion.

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, five reviews required deferral.

We have experienced delays in completing the 2024-25 internal audit plan due to Council officer's capacity to engage with the internal audit process and respond promptly to internal audit reports. Whilst I am able to provide an overall annual conclusion for 2024-25, many of the audit reports are at draft or draft final stage and one audit remains work in progress (Contract Management).

One further review of Data Backup and Disaster Recovery has been delayed due to the availability of IT audit specialism within the Southern Internal Audit Partnership. Both reviews will be incorporated within the 2025-26 annual conclusion.

6. Independence

As your chief internal auditor, I retain no roles or responsibilities that have the potential to impair my independence, either in fact or appearance. Internal auditors engaged in the delivery of the 2024-25 internal audit plan have had no direct operational responsibility or authority over any of the activities reviewed.

Provision was made in respect of the Risk Management review to engage a wholly independent Audit Manager from within the Southern Internal Audit Partnership who had no prior involvement with the Council's risk management process.

I can confirm there has been no interference encountered by the Southern Internal Audit Partnership related to the scope, performance, or communication of internal audit work during the year in the delivery of the internal audit plan or the fulfilment of the internal audit mandate.

7. Impairments

There have been no impairments to internal audit activity during the year. As chief internal auditor I have ensured that the internal audit function has remained free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication.

The internal audit team have maintained an unbiased mental attitude allowing them to perform engagements objectively enabling them to believe in their work product, with no compromise to quality, and no subordination to their judgment on audit matters, either in fact or appearance.

8. Limitations of Scope

As referenced in section five of this report, five audits (Corporate Plan, Council Tax, Health & Safety, Affordable Housing/Homelessness and Best Value – Post Inspection) were removed from the 2024-25 internal audit plan due to insufficient officer capacity within the Council. Therefore, there have been some limitations to the breadth of internal audit work during the course of the year.

9. Internal Audit Conclusion

As chief internal auditor, I am responsible for the delivery of an audit conclusion that can be used by the Council to inform their Annual Governance Statement. The annual audit conclusion culminates in an overall opinion on the adequacy and effectiveness of the organisations' framework of governance, risk management and control.

In giving this opinion, assurance can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses in the processes reviewed. In assessing the level of assurance to be given, I have based my opinion on:

- written reports on all internal audit work completed during the course of the year (assurance & advisory).
- results of any follow up exercises undertaken in respect of previous years' internal audit work.
- the results of work of other review bodies where appropriate.
- the extent of resources available to deliver the internal audit work.
- the quality and performance of the internal audit service and the extent of compliance with the Standards.
- the proportion of the Council's audit need that has been covered within the period.

Our planning discussions and risk-based approach to internal audit ensure that the internal audit plan includes areas of significance raised by the Audit Committee and senior management to ensure that ongoing organisational improvements can be achieved.

Annual Internal Audit Conclusion 2024-25

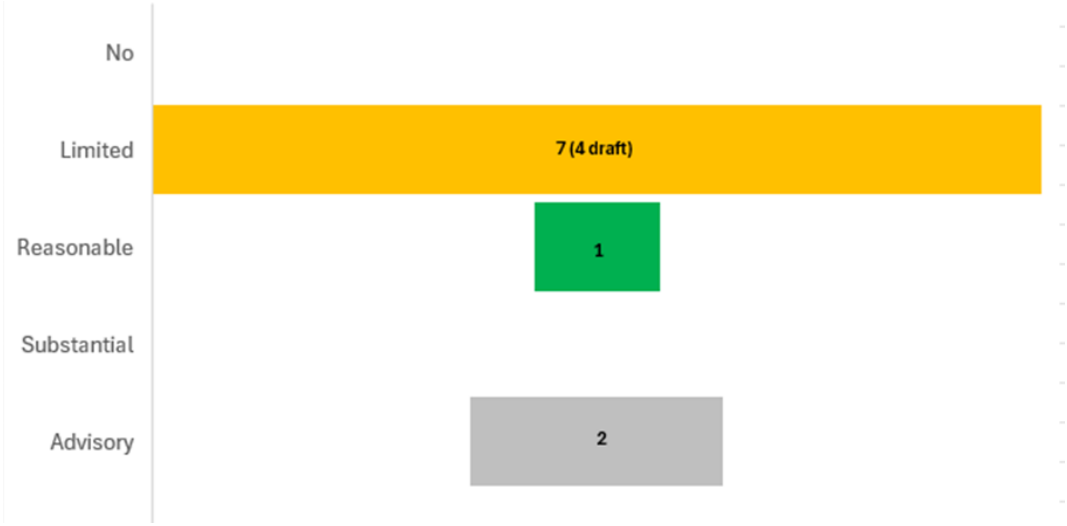
I am satisfied that sufficient assurance and advisory work has been carried out to allow me to form a conclusion on the adequacy and effectiveness of the internal control environment. In my opinion the framework of governance, risk management and control are **'limited'**.

Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.

10. Governance, Risk Management & Control – Overview, Key Observations & Themes

Audit work completed in 2024-25

The work undertaken throughout the year is summarised in the chart below, with the risk-based assurance work categorised by assurance opinion. Significant findings from our reviews have been reported to senior management and the Audit Committee.



**A draft report of risk management was issued on 4 June 2025, a meeting to discuss findings and agree factual accuracy has been convened for 5 September 2025*

Governance

Governance arrangements are considered during the planning and scoping of each review and in most cases, the scope of our work includes overview of:

- the governance structure in place, including respective roles, responsibilities, and reporting arrangements.
- relevant policies and procedures to ensure that they are in line with requirements, regularly reviewed, approved, and appropriately publicised and accessible to officers and staff.

In addition, we also completed an advisory review on the CIPFA Financial Management Code and Best Value Indicators for Use of Resources which highlighted some areas for consideration for future self-assessments.

During 2024-25 we also undertook a review of Savings Realisation which concluded with a limited assurance opinion. The scope of this audit focussed on the governance mechanisms in place for delivery and reporting of the 2024/25 £2.1m redundant budget savings stream, the £355k cashable savings stream, and, also, to review progress against realising the Business Improvement/Digital Transformation savings stream. We also reviewed progress made to identify additional savings streams which would contribute towards closing budget funding gaps in the MTFP.

Positively we found that throughout 2024-25 that Service Accountants met regularly with budget-holders to review actuals against budget and record the reasons for material variances.

However, we found that records are not kept in a format which confirms how reported savings activity was achieved or its impact on reducing MTFP budget funding gaps.

2024-25 savings of £2.1m reported to the Corporate Policy & Resources Committee (CPRC) as achieved mainly through the removal of redundant budget lines in February 2024 were a mixture of cost reduction and income generation activity which required adjusted budgets to be met for savings to be realised. No record was kept to evidence that budget-holders had agreed these targets or confirm how they could be substantiated or that budget codes had been amended, or to confirm whether cumulative related savings had been applied to the MTFP. While audit analysis suggests 28% of these savings were not achieved, there was no targeted analysis or reporting carried out to advise CPRC of progress.

A similar approach has been taken in relation to additional cost reduction and income generation activity of £1.246m applied to the 2025-26 base budget. However, unlike in 2024-25, cumulative related MTFP savings of £4.9m were reported to CPRC, but it is unclear how they have been applied to the MTFP.

Additional cashable savings of £355k in 2024-25 and £3.1m across the MTFP were identified to CPRC in February 2024. While Finance maintained a tracker spreadsheet confirming how realised savings had been achieved, it did not fully identify how savings were initially agreed, fully substantiate how achieved savings had been realised, or where they were posted in the general ledger, with no methodology followed to align achieved savings with savings budgets. Reports to CPRC only referenced shortfalls rather than the reasons and impact of shortalls, and no reference to the MTFP target of £3.3m was made after quarter 1. Additional cashable savings totalling £656k in 2025-26 identified to CPRC in February 2025 did not reference cumulative savings across the MTFP, clarify how the £656k savings had been applied to the 2025-26 budget, or substantiate how the non-vacancy element of £156k had been arrived at. The 2025-26 Finance tracker spreadsheet does not fully identify how savings were initially agreed or who with, fully substantiate how achieved savings have been realised, and no methodology is in place to align realised savings with the savings budgets within the general ledger.

Since November 2023, minimal savings relating to the £1.15m Business Improvement/Digital Transformation savings stream reported to CPRC in November 2023 have been realised, and there is no process in place to ensure business improvement savings recorded as cashable savings through 2024-25 are not also reflected in this figure. While a Reorganisation and Transformation Board has been established, it does not assign responsibility for the digital transformation savings stream at an individual level.

The Corporate Risk Register presented to CPRC in May 2025 did not contain the failure to deliver savings plans or the failure to report upon progress against realising savings plans as specific risks.

Strategic responsibility for co-ordinating savings plans has not been assigned and there is no savings strategy or process documentation in place to confirm the expected approach to savings realisation.

The Deputy Chief Executive and S151 Officer has created a tracker spreadsheet listing revenue savings plans not already reflected in the MTFP, potential revenue savings from the disposal of capital assets, and identifying the adjusted cumulative MTFP budget-funding gap. While the creation of the tracker is a positive step, there is not yet assurance it reflects all potential savings streams still to be reflected in the MTFP.

Risk management

A review of the risk management arrangements for the Council was carried out during 2024-25.

At the time of writing the annual conclusion the audit remains at draft report stage. An initial management response has been provided by the Deputy Chief Executive on 18 August 2025 which advises that the Council have engaged with an industry expert to review the Council's Risk Management Framework and Policy, including all processes and systems in relation to risk management, to adapt them to a governance assurance approach to risk management. The full outcomes of this audit will be shared within a future internal audit progress report once factual accuracy has been agreed, and the report finalised.

Control

Internal audit work found some areas where a sound control environment is in place and were working effectively to support the delivery of corporate objectives. However, there are a significant number of areas of challenge to the Council's control environment from the internal audit coverage during the year, these are outlined below:

Procurement – Limited Assurance *(Draft - factual accuracy agreed)*

The purpose of the audit was to seek assurance that procurement across the Council was being carried out in compliance with the Council's Contract Standing Orders and procurement legislation that was in place at the time of the audit.

Positively, for a sample of procurements over £40,000 where the procurement team were made aware, we found that they were advertised appropriately, had a specification and tenders were evaluated in line with Contract Standing Orders (CSOs).

As part of the preparation for the implementation of the Procurement Act 2023, with effect from 24 February 2025, the Council's Contract Standing Orders required review and updating to ensure compliance with the requirements of the Act. We found that although the table of "Contract Standing Orders Procedural Rules" has been updated to comply with the Procurement Act 2023, the rest of the document has not.

Whilst the Council has a comprehensive suite of procurement procedures that are published on the Council's website, our review of the documents identified that they had all been drawn up in 2021 or 2022, and there was no evidence that they had been reviewed since, and in particular in preparation for the Procurement Act 2023. At the time of the audit, the Corporate Procurement Manager was in the process of reviewing the procedures, however these had not been formally approved for publication.

Actions required to be completed in preparation for the implementation of the Procurement Act 2023 (which came into effect in February 2025) have not been defined and consolidated to ensure that all required actions can be monitored through to completion.

Although we were provided with evidence that training sessions were held with members and officers in preparation for the implementation of the Procurement Act 2023, we were not provided with a list of attendees at these sessions, therefore we cannot confirm that all relevant officers have been trained on new procurement requirements.

Testing of a sample of spend found several instances of non-compliance with CSOs. Further to this, there is no analysis of spend carried out by the Procurement Team to identify instances of non-compliance with CSOs. We also found that the number of exemptions has risen over the years, and over £2m of goods and services have been obtained through the exemption route between 2020 and 2023.

Although there is a contract register in place that is published on the Council's website, at the time of the audit this was found to be dated August 2024 so was not up to date. Additionally, a number of contracts had not been included in the contract register, and errors in dates for review were found in three contracts recorded.

A procurement project plan is in place to record details of procurement projects underway, completed or paused, however significant amounts of information are missing from the spreadsheet, which limits its usefulness. We also found that three of the five tenders selected for testing had not been included in the plan.

The Council's CSOs require an annual schedule of contract management audits to be proposed by the Procurement Manager and carried out by the Procurement Team. We were unable to confirm that this was being carried out.

Tree Maintenance – Limited Assurance

The purpose of the audit was to seek assurance that Council owned trees are managed and maintained to ensure public safety and support environmental obligations.

The Group Head Neighbourhood Services is suitably experienced to enable strategic and operational oversight in the niche area of horticulture. In addition, the Council have a wider pool of trained staff and specialist contractor support to undertake and manage tree maintenance activities, so they are multi disciplined to allow for coverage if someone is absent for an extended period. We requested training records of those who assist with tree related activities and found some training certificates have expired and therefore their training has become out of date.

The Council enhance biodiversity in parks and open spaces by planting new trees where possible and by planting wildflowers. This is outlined within the Council's Corporate Plan 2024-2028, including specific actions to promote biodiversity. Whilst the Council has a tree policy in place which is available on the Council's website, they do not have an overall tree strategy which highlights the techniques used to prolong the lifespan of trees, or the length of time to resolve remedial tasks identified and how this should be prioritised.

Since 2017 an employed officer has been managing trees seeking professional guidance from contractors and the Council's own Tree Officer. At this point a tree inspection programme commenced, including initiation and commissioning of tree surveys. There is currently no central database detailing all trees within the borough's public spaces, however a record of sites across the borough is held which includes the name of each site, the last survey date and when it is next due. Our review of the site record found that there are a number of sites that are overdue a survey and a number of sites that do not include any details against them and therefore it is not possible to provide assurance that the Council maintain a clear awareness of the trees stock and its condition for which it is responsible. It is also not possible to determine how overdue these inspections are. We were advised that as sites are surveyed they are added to the record and therefore we are also unable to provide assurance that this is a complete list of all sites across the borough.

The Council do not have a documented process regarding the approach to tree maintenance including frequency of inspections, how sites are prioritised, remedial actions etc. In the absence of a documented process, we were advised that the Council follow the recommendation made by the National Tree Safety Group which recommends inspections are completed every three to five years and therefore sites are completed on a five yearly inspection. We found that there is no risk assessment carried out across the sites to determine if some sites require a more frequent inspection due to higher footfall in the area etc. From our review of the central site record maintained compared to a sample of individual site inspection records we also found that the frequency for next inspections differed on the individual site records to that on the overall site record with many showing a shorter timeframe between reinspection. Therefore, the records maintained are inconsistent.

There was no documented process, or procedure notes available to detail expectations or instruction for the role(s).

SDS Commercial Waste – Limited Assurance *(Draft, factual accuracy agreed)*

The purpose of the audit was to review the Council's governance and reporting arrangements in relation to Spelthorne Direct Services (SDS), the governance structures around SDS Board of directors and to ensure that reporting is completed through to the relevant Council committee. In addition, the SDS subsidiary company risks were reviewed to confirm how these are managed to support continued service delivery.

The Council's constitution does not clearly articulate the process of how the Shareholder Representative is required to report on their delegated powers.

There has been no finalised and signed Shareholder Agreement in place since the incorporation of Spelthorne Direct Services in June 2020. It is acknowledged that the Shareholder Agreement was being reviewed in January 2024, however, as at the date of the audit there was no final version available.

None of the key contacts for the review could clarify who the 'Proper Officer' was as referenced in the draft Shareholder Agreement. This is a pivotal role as it is defined as 'the individual authorised on behalf of the shareholder with regard to matters requiring shareholder approval'.

In the absence of clarity regarding who the Proper Officer is as referenced in the Shareholder Agreement, assurance cannot be provided that conflicts do not exist. Further to this, discussion to identify how potential conflicts of interest around dual roles are captured confirmed that there was no conflict of interest register for the company in which to capture potential conflicts.

The Board of Spelthorne Direct Services meet regularly in accordance with the draft Shareholder Agreement. Testing confirmed through review of agendas and minutes the meetings convened for July, August, September, and October 2024. Whilst positive steps have been taken to appoint a Councillor to sit on the Board, it is noted that the appointed Councillor also sits on the Audit Committee. Holding a role that involves potential oversight and scrutiny of the entity could be viewed as a conflict.

The Articles of Association reviewed did not include the entity's constitution and addressing purpose or conduct of meetings.

There is no explicit reference within the Shareholder Agreement or the Articles of Association of an expectation that directors' behaviours are aligned with the requirements of the Companies Act 2006, the Nolan Principles, or the Cabinet Office's Code of Conduct for Board Members of Public Bodies.

There were no terms of reference for the Board made available, consequently we have been unable to provide assurance over their relevance or conformance.

No up-to-date business plan was evident and therefore we cannot provide assurance that it is reflective of the current circumstances and environment in which the entity operates or how objectives are to be resourced and achieved.

Risk management documentation was in its infancy and did not cover inherent/ residual risk, or risk appetite. Risk management is not scheduled for regular review of content.

Not all Council charges that support Spelthorne Direct Services are fully captured within the cross-charges spreadsheet.

Accounts Receivable & Debt Management – Limited Assurance *(Draft, factual accuracy agreed)*

The purpose of the audit was to review the internal framework of control for the accounts receivable and debt management process, from the receipt of invoice request through to collection of the debt or write off. The focus of the audit was to review the sundry debt process only, with other forms of debt such as council tax and business rates excluded from the scope of this audit.

Currently, the same authorisation process for raising credit notes is that for the initial raising of the invoice. Therefore, there is no segregation of duties between the raising of invoices and credit notes.

Corporate debt meetings are held bimonthly with Group Head representation to discuss the financial position and debt levels for each area including write offs. Whilst we found evidence of aged debt reports being created and issued to Group Heads in advance of the corporate debt meetings our review of the reports showed limited analyses is undertaken of the debt to support future actions.

There is currently no practice in place to check if reminder letters have been issued at the appropriate time. Our testing found inconsistencies regarding the timeframes of issuing reminder letters. Further to this, whilst the Council has the capability to input holds

(suppressions) on accounts to stop reminder letters being generated when required, we were advised that other than personal diary reminders there is no set process or report regularly run to review cases on hold. Whilst the number of invoices held were minimal (27 totalling £14,508.86), approximately half of these invoices have been on hold between 12 to 21 months at the time of the audit.

Sundry debt invoices raised by the sales ledger team within Customer Services, are supported by the request received from the relevant service area, either with a 'Sundry debt request form' or a spreadsheet for batch invoices. As the sales ledger team receive an email including an invoice request form, they manually transfer this into the Civica work trays to initiate the raising of an invoice. There is no current practice that would identify if an invoice were lost during this process and whilst budget monitoring carried out by the service areas could identify income due that has not been raised or collected, smaller invoices could easily go unidentified.

We reviewed the debt recovery policy of April 2025, approved by the Deputy Chief Executive in May 2025, as well as financial regulations, and whilst we found evidence to show that roles and responsibilities in terms of write offs are specified, there is no evidence of any rules or principles being set to give guidelines for agreeing payment plans or to define the process and approval required for invoice cancellations (credit notes).

We were provided with a spreadsheet highlighting all write offs processed within the 2024-25 financial year and directly compared this against all write offs that been processed within the financial system to the central write off code. We were able to confirm that all write offs had been recorded in a reference spreadsheet and processed for the correct amount. Additionally, a sample of 15 write offs were selected and reviewed, we found that all 15 had evidence of the recommendation for write off, however we found inconsistencies in the way write offs were approved on the proforma including no evidence of approval sign off in one case.

Building Control – Limited Assurance

The purpose of this audit was to review the preparedness and compliance with the new building control regulations. The review focussed on the arrangements in place to ensure that the deliverables of the KPI's were clearly embedded, with monitoring and reporting available in compliance with the regulations.

From April 2025, in line with the new legislation, there is a requirement to report to the Building Safety Regulator (BSR) on the new reportable elements of the KPIs. This audit has identified that there are a number of KPIs that the Council is currently unable to report on due to insufficient reporting options from the case management system or the data is not currently available. The Council is therefore unable to fully demonstrate compliance of the regulations to the BSR.

Equality, Diversity & Inclusivity – Limited Assurance

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).

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.

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.

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.

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.

Other Sources of Assurance

During the year internal audit have remained cognisant of other sources of assurance from which the Council benefit. Due to legal and regularity nature of some public sector assurance providers internal audit do not routinely have the opportunity to engage with or attain insight into the scope and timing of their work.

However, where appropriate internal audit does coordinate with and place reliance on the outcomes of other assurance providers to minimise duplication and highlight potential gaps in assurance needs. Additionally, as chief internal auditor I liaise with the external auditors on matters of mutual interest and to seek opportunities for cooperation in the conduct of audit work.

Best Value Inspection

In May 2024, the Council received a Best Value Inspection letter from government to inform the authority that an independent inspection would be undertaken to review the Council to seek assurance that it is complying with its Best Value Duty. This followed concerns raised by the Department for Levelling Up, Housing and Communities around the Council's levels of debt and borrowing.

In March 2025 the report providing the outcomes of the inspection was published and concluded with "*Spelthorne Borough Council is failing to meet best value standards in several critical areas, including Use of Resources; Governance; Leadership; Culture; and Continuous Improvement*."

ICT Assurance Mapping

As part of the 2024-25 audit plan, we carried out an exercise to identify areas of activity within the IT function and mapped these against the Information Technical Infrastructure Library. (ITIL).

We also looked at what other independent sources of assurance could be factored into the assessment of risk and the IT internal audit plan going forward.

- PSN connection compliance assessment. The current certification expired 19th October 2024 with the annual assessment being worked on during the time of this assurance mapping work, submission to be made in week ending 6th December with issues designated as resolved or mitigated. Penetration testing and IT Health Check activities form part of the assessment to achieve compliance annually.
- We were informed that the Cyber Essentials Plus certification is being worked on.
- We were also informed that Grant Thornton as part of external audit activities had met with members of the ICT service to audit general IT controls. However, a report has not been shared with ICT on the outcomes of this activity.

We do not seek to duplicate the work already taking place in these areas but will review the outcomes and consider future areas for inclusion in the internal audit plan.

Management actions

Where our work identified risks that we considered fell outside the parameters acceptable to the Council, we agreed appropriate corrective actions and a timescale for improvement with the responsible managers.

Progress is periodically reported during the year to the Audit Committee through our quarterly internal audit progress reports.

Acceptance of Risk

From the work carried out by the Southern Internal Audit Partnership during the year, I am not aware of any instances where management have accepted a level of risk that we feel exceeds the organisation's risk appetite or risk tolerance. However, a number of reviews are not yet finalised and therefore any acceptance of risk identified through our review of management responses will be reported within future internal audit progress reports.

Themes

The findings and conclusions of multiple engagements, when viewed holistically, can reveal patterns or trends, such as root causes. Analysis of assurance and advisory work undertaken across the organisation's framework of governance, risk management and control processes has highlighted the following:

- Areas across the Council where operational processes have not been documented, or policies and procedures are out of date. In an uncertain climate where staff retention is increasingly challenging, this poses an increased risk of losing operational knowledge and organisational resilience.

- As relayed within the Best Value Inspection report, common themes were reported in relation to Use of Resources; Governance; Leadership; Culture; and Continuous Improvement.

11. Anti-Fraud and anti-corruption

In accordance with the internal audit charter and the audit plan, auditors will plan and evaluate their work so as to have a reasonable expectation of detecting fraud and identifying any significant weaknesses in internal controls.

Whilst not responsible for the detection of fraud within the Council, Southern Internal Audit Partnerships work during 2024-25 has not identified, and we have not been made aware of, any significant control deficiencies that may pose a significant fraud risk.

12. Quality Assurance and Improvement

The Standards require the Head of the Southern Internal Audit Partnership to develop and maintain a Quality Assurance and Improvement Programme (QAIP) to enable the internal audit service to be assessed against industry Standards for conformance.

The QAIP must include provision for both internal and external assessments: internal self-assessments are required annually, and an external assessment must be undertaken at least once every five years. In addition to evaluating compliance with the relevant Standards, the QAIP also assesses the efficiency and effectiveness of the internal audit activity, identifying areas for improvement.

An 'External Quality Assessment' of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020. 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.

13. Disclosure of Non-Conformance

There are no disclosures of Non-Conformance to report. In accordance with Public Sector Internal Audit Standard 1312 [External Assessments], I can confirm through endorsement from the Institute of Internal Auditors that:

'the Southern Internal Audit Partnership conforms to the Definition of Internal Auditing; the Code of Ethics; and the Standards'.

14. Quality Control

Our aim is to provide a service that remains responsive to the needs of the Council and maintains consistently high standards. In complementing the QAIP this was achieved in 2024-25 through the following internal processes:

- On-going liaison with management to ascertain the risk management, control and governance arrangements, key to corporate success.
- On-going development of a constructive working relationship with other assurance providers to maintain a cooperative assurance approach.
- A tailored audit approach using a defined methodology and assignment control documentation.
- Review and quality control of all internal audit work by professional qualified senior staff members.
- An internal quality assessment against the industry Standards.

15. Internal Audit Performance

The following performance indicators are maintained to monitor effective service delivery:

Performance Measure	Target	Actual (2024-25)
Percentage of revised internal audit plan delivered (to draft report)	95%	85%*
Positive customer survey response:		
SIAP – all Partners	90%	98%
Spelthorne Borough Council	90%	99%
Conformance with the Public Sector Internal Audit Standards	Conforms	Conforms

Customer satisfaction is an assessment of responses to questionnaires issued to a wide range of stakeholders including members, senior officers and key contacts involved in the audit process (survey date April 2025).

**This relates to 11 out of 13 reviews completed to a minimum of draft report stage.*

16. Acknowledgement

I would like to take this opportunity to thank all those staff throughout the Council with whom we have made contact in the year.

Natalie Jerams
Deputy Head of Southern Internal Audit Partnership

Annex A

Summary of Assurance Reviews Completed 2024-25

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.

- Reinforced Autoclaved Aerated Concrete

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.

- Building Control
- Procurement (Draft)
- Tree Maintenance
- Accounts Receivable & Debt Management (Draft)
- Equality, Diversity & Inclusivity
- Commercial Waste SDS (Draft)
- Savings Realisation (Draft final)

*A draft report of risk management was issued on 4 June 2025, a meeting to discuss findings and agree factual accuracy has been convened for 5 September 2025

** Assurance was further supported by two advisory reviews (CIPFA Financial Management Code and Best Value Indicators for Use of Resources and ITIL Assurance Mapping).

Two reviews (Contract Management and Data Backup & Disaster Recovery) remain work in progress. Both will be reported as part of the next progress report to the Audit Committee. The status of these reviews has not inhibited my ability to provide an overall opinion on the Council's framework of governance, risk and control.