# Southern Internal Audit Partnership

Assurance through excellence and innovation

## Internal Audit Progress Report Spelthorne Borough Council – August 2025

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#### 1. 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:

'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.

#### 2. 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.

## 3. Purpose of Report

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

- o The monitoring of 'live' internal audit reports
- o an update on progress against the annual audit plan and any subsequent revisions
- o acknowledgement of any actual or perceived impairments to internal audit independence
- o internal audit performance, planning and resourcing issues
- results of audit assignments and insights.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of controls in place focusing on those designed to mitigate risks to the achievement of management objectives of the service area under review. Assurance opinions are categorised as follows:

Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

#### 4. Resourcing

As Chief Internal Auditor I maintain responsibility for ensuring 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 (2025-26) and in the fulfilment of the audit mandate and delivery of the internal audit strategy.

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

The Southern Internal Audit Partnership are currently experiencing a higher than average level of attrition resulting in vacancies at auditor, senior auditor and audit manager level. With the time lapse between an individual leaving the organisation and the recruitment and onboarding of new staff there will be an inevitable impact on capacity over the short-term.

The Southern internal Audit Partnership have contingency arrangements in place to mitigate such eventualities with opportunity to attain additional support through peer Partnerships or established frameworks. Whilst there will be no financial impact to the Council, there may be some minor slippage in delivery of the quarter 2 / 3 plan whilst contingency arrangements are put in place.

Recruitment across existing vacancies is well progressed and I remain confident as your chief internal auditor that the 2025/26 internal audit plan will be sufficiently delivered enabling me to provide a timely Annual Conclusion.

#### 5. 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 2025-26 internal audit plan have had no direct operational responsibility or authority over any of the activities reviewed. I can confirm there has been no interference encountered relating to the scope, performance,

or communication of internal audit work during the year to date in the delivery of the internal audit plan or the fulfilment of the internal audit mandate.

#### 6. Impairments

There have been no impairments to internal audit activity during the year. The internal audit function has remained free from all conditions that threaten our ability to carry out 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.

## 7. Rolling Work Programme

The internal audit plan for 2025-26 was originally presented to Senior Management and approved by the Audit Committee in May 2025. The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. Progress against the plan is detailed below.

Progress against the plan for the year to date has been slower than anticipated due to conflicting priorities of officers at the Council and the ongoing need to fulfil the 2024-25 audit plan. There has also been a stretch on resourcing within the partnership (as referenced in section 4).

At the time of writing, all scheduled quarter 1 and 2 audits are underway and early discussions have been held with the Deputy Chief Executive & Section 151 Officer regarding those audits scheduled through quarters 3 & 4 to ensure that they remain the most appropriate in terms of priority and in line with any requirements emerging from the work with the Best Value Commissioners. Any changes made to the plan will be brought to members for approval via subsequent progress reports.

It is imperative that through the remainder of the year audit work is progressed timely and therefore any delays we experience will be escalated promptly to relevant management.

Audit Review	Sponsor	Scoping Held	ToR Issued	Fieldwork Start	Draft Report	Final Report	Assurance Opinion	Comment
2024-25		Ticia	133464	Juli	пероп	пероп	Ориноп	
Contract Management	Deputy Chief Executive and S151 Officer	06.02.25	25.02.25	04.06.25				Close of audit held 28.08.25
Data Backup & Disaster Recovery	Deputy Chief Executive	13.02.25	14.07.25	21.07.25				
Risk Management	Deputy Chief Executive	05.02.25	04.03.25	10.03.25	04.06.25			Referenced within the 2024/25 annual conclusion
2025-26								
Decision Making and Accountability	Deputy Chief Executive and S151 Officer	21.05.25	17.07.25	17.07.25				
Governance of Companies – Knowle Green Estates (KGE)	Deputy Chief Executive and S151 Officer	10.06.25	25.07.25	27.08.25				
Contract Management – Leisure Centres	Deputy Chief Executive and S151 Officer	01.08.25						Draft ToR issued 22.08.25
Main Accounting	Deputy Chief Executive and S151 Officer	25.07.25	07.08.25	11.08.25				
National Non Domestic Rates	Deputy Chief Executive and S151 Officer	23.07.25	01.08.25	15.09.25				
Annual Governance Statement	Deputy Chief Executive and S151 Officer	28.08.25						Added to the plan in lieu of savings proposals and realisation.
Corporate Plan	Deputy Chief Executive							Q3

Audit Review	Sponsor	Scoping Held	ToR Issued	Fieldwork Start	Draft Report	Final Report	Assurance Opinion	Comment
Treasury Management	Deputy Chief Executive and S151 Officer							Q3
Cyber Security training and Awareness	Deputy Chief Executive and S151 Officer							Q3
Budget Monitoring	Deputy Chief Executive and S151 Officer							Q3
Homelessness	Deputy Chief Executive and S151 Officer							Q4
Asset Management	Deputy Chief Executive and S151 Officer							Q4
Continuous Improvement	MAT							Q4

## 8. Adjustment to the Internal Audit Plan 2025-26

Internal Audit focus continues to be proportionate and appropriately aligned. The plan remains fluid and subject to on-going review and amendment, in consultation with the relevant audit sponsors, Senior Management, and Audit Committee, to ensure internal audit are able to react to new and emerging risks and the changing needs of the Council.

Such amendments to the 2025-26 internal audit plan are detailed below with explanations for the proposed amendments.

	Audit Review	Reason for inclusion in the plan
Additions	Annual Governance Statement	Replacement for Savings Proposals and Realisation. Taken from contingency list.

	Audit Review	Reason for removal from the plan					
	Savings Proposals and Realisation	The 24-25 audit review has only recently been finalised with the majority of management actions due for implementation during Q3. Therefore no added value re-auditing at this time.					
Withdrawals	Knowle Green Estates	Following the commissioning of independent assurance work by the Board around health and safety statutory compliance no additional internal audit work is considered necessary at this time.					

### 9. Acceptance of Risk

Internal audit reporting protocols are in place to ensure that the scope of work and findings for all assignments are reported appropriately and that agreed management actions are approved by senior management.

Every effort will be made to resolve disagreements that may arise during the audit process. However, if, unresolved issues are considered by internal audit to fall outside of the Council's risk tolerance, these will be escalated to Senior Management and Audit Committee as deemed necessary.

There are no such instances to report from our delivery of the 2025–26 internal audit plan to date.

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

There have been no reports published concluding with a 'limited' or 'no' assurance opinion for inclusion within this progress report.

## 11. Analysis of 'Live Audit Reviews'

Audit Deview	Report	Audit	Assurance	Management Actions											
Audit Review	Date	Date Sponsor		Agreed		l	Pending			Complete			Overdue		
				L	M	Н	L	M	Н	L	M	Н	L	M	Н
2023/24															
Disaster Recovery	April 2024	DCE	Limited	4	3	0	0	0	0	4	2	0	0	1	0
Commercial Assets	July 2024	DCE/S151	Reasonable	0	3	0	0	0	0	0	2	0	0	1	0
2024/25															
Building Control	January 2025	DCE	Limited	0	5	6	0	0	0	0	5	5	0	0	1
Equality, Diversity and Inclusivity	June 2025	DCE	Limited	2	2	4	2	0	1	0	2	1	0	0	2
Tree Maintenance	July 2025	DCE	Limited	4	9	0	3	4	0	1	2	0	0	3	0
Total				10	22	10	5	4	1	5	13	6	0	5	3

#### Annex 1

## **Overdue 'High Priority' Management Action**

#### **Building Control - Limited**

#### **Observation:**

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 LABC to confirm next steps in supporting this compliance area.

#### Risk:

Non-compliant with the BSR requirements in April 2025 leading to potential penalties and regulatory action from the BSR.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
2.1 Obtain confirmation from Local Authority Building Control (LABC) that we are signed up to their QMS (made request in November 2024)	28.02.25	30.09.25 30.11.25	1.9.25 - This is still outstanding as the service have reported they are entirely dependent on a third party (LABC) to come back to them with a date to review documentation. They have not done so to date, so the revised date will need to move back to 30.11.25 to have a realistic prospect of being completed.

#### **Equality, Diversity and Inclusivity - Limited**

#### **Observation:**

The audit sought to confirm that published information on general duty compliance with regard to employees was evident every year as per the PSED. The three specific categories to be collected and published are:

- 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
- gender pay gap data to be published by 31 March every year.

It was found through testing that the "general duty compliance with regard to your employees every year" was not being met.

A staff survey undertaken in 2022 (and we have also been advised of a second in 2024) was intended to support collecting data regarding workforce demographic composition, however, staff had raised that there is still some sensitivity of identification and therefore employees were not confident that the data they were providing would remain anonymous. Consequently, this has not been progressed further and neither have there been any further measures pursued to publish employee data for the purpose of meeting this specific duty under PSED.

#### Risk:

Non-compliance of the Public Sector Equality Duty.

Management Action	Original	Revised	Latest Service Update
Wanagement Action	<b>Due Date</b>	<b>Due Date</b>	Latest Service Opuate
1.1 Publish equality information on workforce	02.07.25	19.9.25	1.9.25 - The information has been drafted for publishing, subject to
			review and sign off by the corporate management team (MAT).
1.2 Publish information evidencing the Council's general duty	02.09.25	19.9.25	1.9.25 - The information has been drafted for publishing, subject to
compliance with regard to employees.			review and sign off by the corporate management team (MAT).

Annex 2
Overdue 'Low & Medium Priority' Management Actions

Audit Review	Report Date	Opinion	Priority		Due Date	Revised Due Date
			Low	Medium		
Disaster Recovery (Legacy audit)	April 2024	Limited		1	31.07.24	31.03.25 30.04.25 TBC
Commercial Assets (Legacy audit)	July 2024	Reasonable		1	31.05.25	TBC – Report with Commissioners for sign off prior to advancing to Committee
Tues Maintenance				1	31.08.25	31.10.25
Tree Maintenance	July 2025	Limited		1	31.08.25	31.10.25
				1	31.07.25	31.10.25
Total	Total					

Annex 3

Southern Internal Audit Partnership - Performance Measures

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	Performance Measure	Regularity	Target	Actual <b>25/26</b>	Status	Direction of Travel
1.	Percentage of the agreed audit plan completed (issue of draft / final report)	Ongoing	90%	0%		n/a
2.	Audits delivered within agreed timescales (% year to date)					
	o To issue of draft report	Ongoing	80%	0%		n/a
	o To issue of final report	Ongoing	80%	0%		n/a
3.	Conformance with the Global Internal Audit Standards in the UK Public Sector	Annual	Conforms	Conforms*		$\Leftrightarrow$
4.	Audits conducted optimising the effect use of data analytics (% year to date)	Ongoing	60%	60%		
5.	Stakeholder satisfaction (annual survey)					
	o Audit Committee		90%	97%		n/a
	Senior Management	Annual	90%	100%		n/a
	o Key Contacts		90%	100%		n/a
6.	Internal audit effectively communicates with key stakeholders					
	o Audit Committee		90%	100%		n/a
	o Senior Management	Annual	90%	100%		n/a
	o Key Contacts		90%	100%		n/a
7.	Sufficiency of input to and discussion of the internal audit plan					
	o Audit Committee	Annual	90%	100%		n/a
	o Senior Management	Annuai	90%	100%		n/a
8.	Appropriate focus on key risks					
	o Audit Committee		90%	75%		n/a
	Senior Management	Annual	90%	100%		n/a
	o Key Contacts		90%	100%		n/a

\* 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.















