

# Annual audit of Epsom and Ewell Borough Council

16 May 2024



The annual Grant Thornton Auditor's Report on the workings of Epsom and Ewell Borough Council has delivered a positive assessment of its performance across financial sustainability, governance, and value for money, despite acknowledging the ongoing challenges the Council faces. The report was formally presented and noted at the Council meeting of 14th May.

**Financial Sustainability:** The report highlights that the Council operates in a challenging financial environment with prudent short and medium-term planning. While financial stability remains dependent on continual savings plans, the forecast indicates a need to deliver approximately £1.4 million in savings by 2027/28. The auditors emphasized the importance of finding alternatives to using reserves to manage budget gaps, noting no significant weaknesses in financial sustainability arrangements.

**Governance:** The Council's governance structure was praised for maintaining appropriate arrangements and compliance policies. An updated Risk Management Strategy and adherence to CIPFA's Good Governance Framework were noted as strengths. However, the auditors recommended prioritizing the completion of management actions and reviewing the composition of the Audit & Scrutiny Committee to potentially include independent members.

**Value for Money:** The Council's efforts to ensure economy, efficiency, and effectiveness were aligned with delivering value for money. Recommendations were made to develop a partnership governance framework and to address underperformance in processing minor planning applications, despite improvements seen in 2023.

Overall, the audit reflects positively on the Council's operations, suggesting continued disciplined financial management and strategic governance enhancements.

Criteria	2022/23 Risk assessment	2022/23 Auditor judgement on arrangements	2021/22 Auditor judgement on arrangements
Financial sustainability	No risk of significant weakness identified.	G Our work did not identify any areas where we considered that key or improvement recommendations were required	A No significant weaknesses in arrangements identified, but two improvement recommendations have been made.
Governance	No risk of significant weakness identified.	A No significant weaknesses in arrangements identified, but three improvement recommendations made	A No significant weaknesses in arrangements identified but two improvement recommendations raised.
Improving economy, efficiency and effectiveness	No risk of significant weakness identified.	A No significant weaknesses in arrangements identified, but one improvement recommendation made to support more effective partnership working arrangements.	G No significant weaknesses in arrangements identified and no improvement recommendations raised.

**G** No significant weaknesses in arrangements identified or improvement recommendation made.

**A** No significant weaknesses in arrangements identified, but improvement recommendations made.

**R** Significant weaknesses in arrangements identified and key recommendations made.

The four key recommendations in more detail and the responses of EEBC management:

Grant Thornton Recommendation 1: Timely Internal Audits.

The auditors suggested that internal audits focusing on financial controls should be completed before the end of the financial year to aid the Head of Internal Audit in forming their opinion.

EEBC Management Response: Acknowledging the importance of timely audits, management noted past challenges due to staff turnover and long-term sickness, which have now been resolved. With a fully resourced team, management is confident in meeting the audit schedule, with progress monitored by both the Strategic Leadership Team and the Audit & Scrutiny Committee.

Grant Thornton Recommendation 2: Monitoring Framework for Audit Actions

The council was advised to develop a framework to monitor management actions identified in internal audit reports, ensuring these are completed by the agreed due dates to enhance clarity and accountability.

EEBC Management Response: Management emphasized that a robust monitoring framework is already in place, with the Business Assurance team logging all actions and requiring quarterly updates from Heads of Service. Additionally, new

performance management software has been procured to further improve monitoring capabilities.

#### Grant Thornton Recommendation 3: Audit & Scrutiny Committee Composition

Auditors recommended reviewing the composition of the Audit & Scrutiny Committee to exclude Strategy & Resources members for independence and considering the appointment of independent members.

EEBC Management Response: Management revealed that a review of the committee's operations is already planned following a Corporate Peer Challenge in March 2024. The audit recommendation will be considered during this review in consultation with relevant members.

#### Grant Thornton Recommendation 4: Partnership Governance Framework

To enhance partnership working, the council was advised to develop a governance framework to guide and evaluate the success and effectiveness of these collaborations.

EEBC Management Response: Management expressed a commitment to positive partnership working, acknowledging recognition from the recent Corporate Peer Challenge. This recommendation will be considered in conjunction with the Action Plan resulting from the Peer Challenge.