

**\*ASSURANCE KEY (Columns 2 & 6 of table)**

**Effective** - Controls evaluated are adequate, appropriate and effective to provide reasonable assurance that risks are being managed and objectives should be met.

**Some Improvement Needed** - A few specific control weaknesses were noted; generally, however, controls evaluated are adequate, appropriate and effective to provide reasonable assurance that risks are being managed and objectives should be met.

**Major Improvement Needed** - Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.

**Unsatisfactory** - Controls evaluated are not adequate, appropriate or effective to provide reasonable assurance that risks are being managed and objectives should be met.

**\* Internal Audit Recommendations (column 5 of table):**

**\*Reporting on the status of whether internal audit recommendations have been implemented or remain outstanding is based on confirmation from Group Heads/ Managers i.e. Internal Audit have not verified this.**

Appendix 1 to Internal Audit Interim Report (Covers April to September 2017)

Audit Review & issue date of draft/final report	Assurance Level granted at time of audit * (see key)	Accountable Officer	Areas agreed by Managers for improvement arising from Internal Audit Review	Progress comments i.e. 'Implemented' or Outstanding*	Current RAG rating
ICT - Incident management process  September 2017 (final)	Some Improvement Needed	Group Head for Commissioning and Transformation	Incident Management is defined as the capability to effectively manage unexpected disruptive events, with the objective of minimizing impact or restoring normal operations, within defined limits. In general, controls were operating satisfactorily, although the following recommendations have been made to address some weaknesses found: <ol style="list-style-type: none"> <li>1. Users to be made aware of their responsibilities and procedures to follow when reporting a security incident, ensuring prompt reporting of any security weaknesses or incidents, without any fear of recrimination.</li> <li>2. All security incidents to be logged with event history, audit trail and escalation process, to ensure identification of responsibility.</li> <li>3. Regular training to be offered to staff in order to avoid/minimise risk of security breaches.</li> </ol>	Actions agreed September 2017	Some Improvement Needed

**Appendix 1 to Internal Audit Interim Report (Covers April to September 2017)**

<b>Audit Review &amp; issue date of draft/final report</b>	<b>Assurance Level granted at time of audit * (see key)</b>	<b>Accountable Officer</b>	<b>Areas agreed by Managers for improvement arising from Internal Audit Review</b>	<b>Progress comments i.e. 'Implemented' or Outstanding*</b>	<b>Current RAG rating</b>
Payroll August 2017 (revised draft)	Some Improvement Needed	Group Head for Commissioning and Transformation	Recommendations raised are currently under discussion. They relate primarily to system access controls and source documentation.	N/A	Some Improvement Needed
Main Accounting Systems  May 2017 (final)	Some Improvement Needed	Deputy Chief Executive (Chief Finance Officer, Terry Collier)/Chief Accountant	<ol style="list-style-type: none"> <li>1. Maintain a succession plan to ensure a smooth transition if key members of the Finance team leave the Council.</li> <li>2. Update the Finance service risk register with the risk and mitigating controls in the event of possible disruption to the service through absence or vacant positions.</li> <li>3. Ensure there is a comprehensive procedure manual for finance which is periodically reviewed.</li> <li>4. Periodically review transactions on the audit log to identify anomalies, irregularities or inconsistencies</li> <li>5. Ensure that Journals are properly authorised by an independent officer</li> <li>6. Sales Ledger reconciliations to the general ledger should be evidenced</li> <li>7. As a 'lessons learned exercise', review the close down process that took place for the 2015/16 accounts.</li> </ol>	Actions agreed May 2017	Some Improvement Needed

**Appendix 1 to Internal Audit Interim Report (Covers April to September 2017)**

		Identify any areas where improvements can be made for 2016/17 for delivery of the final accounts.	
--	--	---	--

<b>Audit Review &amp; issue date of draft/final report</b>	<b>Assurance Level granted at time of audit * (see key)</b>	<b>Accountable Officer</b>	<b>Areas agreed by Managers for improvement arising from Internal Audit Review</b>	<b>Progress comments - 'Implemented or Outstanding'</b>	<b>Current RAG rating</b>
Creditors October 2017 (final)	Some Improvement Needed	Chief Accountant (once in post)	1.The need to implement compensating controls in view of the absence of segregation of duties between system administration and the processing of transactions on the system (the option to transfer system administration to ICT was not agreed). To incorporate regular review of the Integra system audit logs by an officer independent of the System Administrator/Creditor Manager. To identify an officer within the Accounting team who could deputise for the System Administrator/Creditor Manager in the event of a prolonged absence and as part of general succession planning. Ensure that an up to date Job Description and Job Specification is held for the role of System Administrator/Creditor Manager. 2. A manager independent of the Assistant Accountant and the Creditors Manager should review the	Actions agreed September 2017.  Reference 2 & 3 implemented	Some Improvement Needed

**Appendix 1 to Internal Audit Interim Report (Covers April to September 2017)**

			<p>monthly reconciliation exercise between the BACS payment and the General Ledger to confirm it has been carried out accurately, completely and promptly.</p> <p>3. The Chief Finance Officer to send out a reminder to all staff regarding the requirement to comply with the corporate credit card procedure. The Finance team also need to be advised that they are in a position to challenge any credit card activity which appears to be in breach of the corporate policy, which will also strengthen controls and reduce risks.</p>		
--	--	--	--	--	--

Appendix 1 to Internal Audit Interim Report (Covers April to September 2017)

Audit Review & issue date of draft/final report	Assurance Level granted at time of audit * (see key)	Accountable Officer	Areas agreed by Managers for improvement arising from Internal Audit Review	Progress comments i.e. 'Implemented' or Outstanding*	Current RAG rating
<p>Partnership Governance</p> <p>May 2017 (final)</p>	<p>Major Improvement Needed</p>	<p>Group Head for Commissioning and Transformation</p>	<p>Limited attention has been given to Partnership Governance since 2011 and therefore some actions are required to revitalise the necessary governance arrangements and associated controls:</p> <ol style="list-style-type: none"> <li>1. A responsible officer to review, update and re-issue the Partnership Governance policy.</li> <li>2. A list of significant Partnerships entered into (strategic, commercial and work- related) should be identified and recorded centrally</li> <li>3. Governance status questionnaires to be completed for any identified strategic partnerships.</li> <li>4. Members of Overview and Scrutiny Committee to scrutinise Partnership activity if required.</li> <li>5. Arrangements made to ensure that partnerships are supported by suitable contract documentation (where appropriate)</li> </ol>	<p>Management team report of July 2017 outlined the intention to implement all of the recommended actions.</p> <p>References 1,3, 4 &amp; 5 Outstanding</p> <p>Reference 2 Implemented</p>	<p>Some Improvement Needed (Corporate Risk Register)</p>

Appendix 1 to Internal Audit Interim Report (Covers April to September 2017)

Audit Review & issue date of draft/final report	Assurance Level granted at time of audit * (see key)	Accountable Officer	Areas agreed by Managers for improvement arising from Internal Audit Review	Progress comments i.e. 'Implemented' or Outstanding*	Current RAG rating
<p>Performance Management</p> <p>July 2017 (final)</p>	<p>Major Improvement Needed</p>	<p>Group Head for Commissioning and Transformation</p>	<p>Recommendations include:</p> <ol style="list-style-type: none"> <li>1. Re-establishing annual performance reviews of Service Plans</li> <li>2. Ensuring a clear Service Plan guideline and timetable is communicated</li> <li>3. Scheduling performance indicator returns into the Cabinet forward plan</li> <li>4. Scope to make some existing performance indicator's more meaningful</li> <li>5. Improved monitoring of the staff appraisal process</li> </ol>	<p>Implemented (All)</p>	<p>Effective (Corporate Risk Register)</p>

Appendix 1 to Internal Audit Interim Report (Covers April to September 2017)

Audit Review & issue date of draft/final report	Assurance Level granted at time of audit * (see key)	Accountable Officer	Areas agreed by Managers for improvement arising from Internal Audit Review	Progress comments i.e. 'Implemented' or Outstanding*	Current RAG rating
Business Rates August 2017 (revised draft)	Some Improvement Needed	Acting Group Head for Customer Relations	<ol style="list-style-type: none"> <li>1. Ratepayers to complete the relevant form when applying for a rates refund which is scanned into CIVICA. Where refunds are processed, Academy to be populated with the ratepayer's bank account details as a check to verify that the refund has been paid into the same customer bank account from which the monies were originally taken - fraud prevention/detection measure.</li> <li>2. Ensure the CIVICA accounts are updated with supporting documentary evidence when awarding exemption reliefs.</li> <li>3. Independent spot checks of suppressed accounts and other exceptions awarded to confirm validity needs to be evidenced. In compliance with Financial Regulations ensure that business rate write offs are approved by Cabinet Members in accordance with thresholds set.</li> <li>4. Review the Anti Money Laundering policy and</li> </ol>	Actions agreed July 2017	Some Improvement Needed



**Appendix 1 to Internal Audit Interim Report (Covers April to September 2017)**

			<p>procedures, ensuring it is accessible to all staff. Arrange Anti Money Laundering Refresher training for all appropriate staff within Customer Services.</p>		
--	--	--	---	--	--

Appendix 1 to Internal Audit Interim Report (Covers April to September 2017)

Audit Review & issue date of draft/final report	Assurance Level granted at time of audit * (see key)	Accountable Officer	Areas agreed by Managers for improvement arising from Internal Audit Review granted at time of audit * (see key)	Progress comments - 'Implemented or Outstanding'	Current RAG rating
Debtors  July 2017 (final)	Major Improvement Needed	Acting Group Head for Customer Relations	<p>Current and outstanding internal audit recommendations representing a medium or high priority are to be monitored and progressed through the Corporate Debt Group.</p> <p>Recommendations include:</p> <ul style="list-style-type: none"> <li>• Review the terms of reference for the Corporate Debt Group</li> <li>• Analyse debt balances that have been overdue over a protracted period to determine what action needs to be taken. This should include a review of Bed and Breakfast debts.</li> <li>• Responsibility for recovery of sundry debt should be clearly defined and documented in procedures.</li> <li>• Targets should be established to measure the achievement of collection rates and ratios.</li> <li>• Reports summarising Sundry Debtor arrears rates and collection performance should be produced to coincide and be presented at meetings of the Corporate Debt Group (CDG).</li> </ul>	<p>Actions agreed July 2017 and subsequent liaison with the Corporate Debt Group</p> <p>Reference 1 implemented</p>	Some Improvement Needed (Corporate Risk Register)

**Appendix 1 to Internal Audit Interim Report (Covers April to September 2017)**

			<ul style="list-style-type: none"> <li>Accountability for arrears rates and collection performance should be assessed by the CDG.</li> <li>Supporting documentation to be maintained for invoices processed and credit note transactions</li> </ul>		
--	--	--	---	--	--

<b>Audit Review &amp; issue date of draft/final report</b>	<b>Assurance Level granted at time of audit * (see key)</b>	<b>Accountable Officer</b>	<b>Areas agreed by Managers for improvement arising from Internal Audit Review</b>	<b>Progress comments i.e. 'Implemented' or Outstanding*</b>	<b>Current RAG rating</b>
Contaminated Land October 2017 (final)	Effective	Senior Environmental Health Manager	Minor suggestions made to further improve the risk assessment methodology applied.	Implemented	Effective (Corporate Risk Register)
Procurement July 2017 (final)	Major Improvement Needed	Group Head for Commissioning and Transformation	<ol style="list-style-type: none"> <li>1.It was acknowledged that a plan is held for the development and implementation of a Contract and Procurement hub by December 2017, setting out the Council's strategic approach to Procurement</li> <li>2.Review the Procurement strategy and prepare an accompanying action plan.</li> <li>3.Full compliance with the Local Government Transparency Code is required</li> <li>4.Procurement and Contract Management guidelines to be</li> </ol>	<p>Actions agreed July 2017.</p> <p>The new Procurement Officer who took up post from September will be progressing actions.</p> <p>Reference 2 implemented</p>	Some Improvement Needed (Corporate Risk Register)

**Appendix 1 to Internal Audit Interim Report (Covers April to September 2017)**

			updated and publicised to reflect regulatory changes of 2015. 5. Implement a programme of training for contract managers where the principles of Contract Standing Orders and Contract checklists form the core element of the learning		
--	--	--	--	--	--

Appendix 1 to Internal Audit Interim Report (Covers April to September 2017)

Audit Review & issue date of draft/final report	Assurance Level granted at time of audit * (see key)	Accountable Officer	Areas agreed by Managers for improvement arising from Internal Audit Review	Progress comments i.e. 'Implemented' or Outstanding*	Current RAG rating
Parking  October 2017 (draft)	Major Improvement Needed	Group Head for Neighbourhood Services	<ul style="list-style-type: none"> <li>• A number of previous audit recommendations remain outstanding</li> <li>• The Parking Services Manager and Senior Administrator to update the Civil Parking Enforcement Policy. Financial Procedures to be updated annually.</li> <li>• The Senior Administration Assistant to liaise with Accountancy regarding Fees and Charges at charge setting time, to ensure that all documents match up and are in line with fees published on SBC's website.</li> </ul>	Actions discussed August 2017	Major Improvement Needed

Appendix 1 to Internal Audit Interim Report (Covers April to September 2017)

Audit Review & issue date of draft/final report	Assurance Level granted at time of audit * (see key)	Accountable Officer	Areas agreed by Managers for improvement arising from Internal Audit Review	Progress comments i.e. 'Implemented' or Outstanding*	Current RAG rating
<p>Corporate Health and Safety August 2017 (final)</p>	<p>Some Improvement Needed</p>	<p>Senior Environmental Health Manager and Health and Safety Officer</p>	<ul style="list-style-type: none"> <li>• It was acknowledged that a 12 month rolling health and safety programme being introduced for 2017 (now deferred to commence from 2018) is a series of health and safety activities to be undertaken by operational managers. To ensure an inspection plan is in place which will provide structure to the new process and evidence of the Health and Safety Officers monitoring activities. <i>(To ensure the delivery of the annual rolling plan, Champions for Health and Safety have been recently identified in each Service area to implement the necessary actions. IOSH training is being encouraged).</i></li> <li>5. Health and Safety policy reviews should be formally approved by Members of the Council. <i>(The Health and Safety Policy has since been updated and went to Cabinet for adoption on the 21 June 2017). (Implemented)</i></li> <li>6. Update the Health and Safety pamphlet to include details of the Health and Safety Policy. <i>(Due to be updated in October 2017).</i></li> <li>7. Ensure the Managers Guide to Health and Safety is completed, distributed</li> </ul>	<p>Actions agreed July 2017</p>	<p>Some Improvement Needed</p>

**Appendix 1 to Internal Audit Interim Report (Covers April to September 2017)**

			<p>and publicised before the 12 month rolling H&amp;S program commences, to incorporate the proposed process by which self-audits should be undertaken by Managers. (<i>Health and Safety at Work Regulations have been circulated for Managers attention</i>).</p> <p>8. The Health and Safety Officer will be arranging training sessions for all staff on the use of SHE.</p>		
--	--	--	--	--	--

<b>Audit Review &amp; issue date of draft/final report</b>	<b>Assurance Level granted at time of audit * (see key)</b>	<b>Accountable Officer</b>	<b>Areas agreed by Managers for improvement arising from Internal Audit Review</b>	<b>Progress comments i.e. 'Implemented' or Outstanding*</b>	<b>Current RAG rating</b>
Human Resources (Employment Legislation) July 2017 (final)	Some Improvement Needed	Group Head for Commissioning and Transformation	Where guidance is issued to officers by Human Resources in relation to changes in employment legislation, this needs to be consistently evidenced (documented) as a safeguard against potential employee claims.	Action discussed July 2017 but no further action is deemed necessary by the service	N/A

**Appendix 1 to Internal Audit Interim Report (Covers April to September 2017)**

Follow Up Audit Recommendations	N/A	Audit recommendations were followed up in some areas to monitor implementation. In June Management Team supported a change in approach with Managers taking increased responsibility to monitor the implementation of audit recommendations within their teams. As well as freeing up limited audit resource this should encourage greater management ownership of control procedures and risk mitigation.
Assurance template	N/A	Internal Audit have continued to encourage Managers representing the first line of defence to provide assurance that controls in their functions/services are operating effectively (by populating a template and signing off).
Audit assignments at other Councils	-	The Senior Auditor completed out two ICT Audit reviews at Woking Borough Council relating to SharePoint and Cyber Security. Best practice is being shared with Spelthorne, particularly for Cyber Security as this review is currently in being undertaken here.

**Audits Commenced/ In Progress**

- Cyber Security
- Grounds Maintenance
- Asset Management

**Other work**

Corporate Risk management	Internal Audit continue to coordinate the Council's Corporate Risk Register which represents the Council's most significant risks and reports regularly to Audit Committee and Cabinet.
---------------------------	---



**Appendix 1 to Internal Audit Interim Report (Covers April to September 2017)**

<p>Serious and Organised Crime Audit</p>	<p>As Single Point of Contact for Serious and Organised Crime the Internal Audit Manager met with the local Police team in April to identify high risk areas generally and specifically for Spelthorne, which have been communicated to the Deputy Chief Executive, Terry Collier. The framework to be applied for the Serious and Organised Crime Audit was also discussed. Prior to commencing the audit, the Police representative and Internal Audit Manager will be raising general awareness of this topic at a future Manager's Briefing or corporate staff meeting.</p>
<p>Corporate Counter Fraud</p>	<ul style="list-style-type: none"> <li>• Collate quarterly fraud returns for submission to Surrey County Council. Significant payback/returns are continuing to be achieved from the counter fraud work and as at 30.6.17 the cumulative return for Spelthorne is £ (since the start of the Surrey Fraud Partnership in January 2015 and shared across SBC, Surrey CC and Surrey Police).</li> <li>• Arrangements to buy-in additional counter fraud resource to target areas which are likely to generate greater financial payback (business rates and housing) has taken effect from August 2017. Spelthorne is procuring services from Reigate and Banstead and the Internal Audit Manager has worked closely with relevant teams to scope the specification and finalise the contractual arrangements, which are being closely monitored. Financial payback in terms of fraud returns will be assessed at regular intervals.</li> <li>• External groups are attended with Surrey Partners including the Surrey Counter Fraud Board (SCFB). This enables the sharing of best practice and approaches in tackling housing fraud/business rate avoidance and evasion.</li> <li>• The Internal Audit Manager chairs the internal Fraud working group and disseminates any best practice.</li> <li>• A meeting was also held in June between Housing, Internal Audit and A2D to discuss scope for greater joint working in an attempt to combat tenancy fraud.</li> <li>• The possibility of procuring a specialist product (Trust ID) to verify the validity of identity documents is being considered as a corporate counter fraud measure. Arranged a system demonstration of Trust ID in July and liaison with relevant services would suggest there is interest. Considering suitable lead officer to progress implementation.</li> <li>• Internal Audit circulates details of frauds identified nationally to make staff aware of risks.</li> <li>• Following the March Audit Committee, a copy of the whistleblowing poster in use at Surrey County Council was requested with a view to updating Spelthorne's poster and placing on all staff noticeboards.</li> <li>• All audit reviews consider fraud risks and a number of specific audit tests have been undertaken to identify potential fraud. However, it remains the responsibility of management to ensure they have systems in place to prevent and detect fraud.</li> </ul>
<p>Advice to management</p>	<ul style="list-style-type: none"> <li>• MAT reports – governance, risk and control issues</li> <li>• Attendance, advice and support to a number of internal working groups including Information Governance, ICT SIG (Service Improvement Group), ISRG (Information Security Review Group) and Corporate Debt Recovery.</li> <li>• Project management</li> <li>• Significant procurements / acquisitions and investments</li> <li>• Rent Accounting System (project)</li> <li>• Policies and procedures eg PCI DSS (Payment Card Industry Data Security Standard)</li> </ul>

**Appendix 1 to Internal Audit Interim Report (Covers April to September 2017)**

	<ul style="list-style-type: none"> <li>• Parking</li> <li>• ICT</li> <li>• Customer Services – Document Retention and Disposal; segregation of duties</li> <li>• Planning – CIL monies</li> <li>• General Data Protection Regulations</li> <li>• Accountancy – Integra system (Housing Benefit Payment Run); corporate credit cards; credit and debit cards; PayPal system; grants</li> <li>• Introductory Meetings with new Managers within Finance and Housing</li> </ul>
Miscellaneous	<ul style="list-style-type: none"> <li>• MAT and Audit Committee (presentation of reports)</li> <li>• Support to the Council’s governance arrangements eg contribution to Annual Governance Statement</li> <li>• Service Plan for 2017/18</li> <li>• Meeting with Group Heads to discuss preferred timings for 17/18 planned audits</li> <li>• Performance Management (Service and personal targets, 1-1’s, appraisals, resource allocations for 2017/18 Audit Plan and monitoring progress in delivering Internal Audit Plan)</li> <li>• Preparation of audit programmes and management review of Audits carried out</li> <li>• Staff Management</li> <li>• Spelthorne Senior Auditor commissioned to carry out ICT Audits at Woking- liaison with Officers at this Council /preparation of contract/ associated management</li> <li>• Budget Monitoring/raising orders and invoices</li> <li>• Training – Audit/ ICT skills/Corporate training and briefings</li> <li>• Senior Auditor’s successful completion of CISA qualification (Certified Information Systems Auditor).</li> <li>• MAT feedback meetings with the Deputy Chief Executive</li> <li>• General Administration</li> <li>• Meetings and liaison with external audit regarding interim and final audits</li> <li>• Attending new IT system demonstrations</li> <li>• Responding to Freedom of Information Requests</li> <li>• Participation in Borough Emergency Centre (BEC) exercise</li> <li>• Health and Safety tasks</li> <li>• Corporate staff meetings</li> <li>• Support with election duties</li> <li>• Annual leave</li> </ul>