

Appendix 1 - Internal Audit Annual Plan 2018/19

Planned Audits - Assurance	Potential Risk implications
Commercial asset acquisitions and investments PRIORITY A	Poor investment outcomes; weak governance arrangements; non-compliance with regulations increases exposure to financial risk; loss of anticipated income; inadequate arrangements to identify/raise/recover/monitor rental income due resulting in delays or non-collection; shortfall in achieving overall income target; late repayment of loans resulting in financial penalties; negative publicity.
Business Rates 100% Retention Pilot Fund PRIORITY A	Level of business rates collected and retained less than anticipated. Additional income retained by Spelthorne from the pilot exercise is not targeted to specific/ agreed spend areas.
Core financial systems: Creditors, Payroll, Sundry Debtors, Treasury Management, Cash Collection and Banking, Main Accounting Systems (6 separate audits) PRIORITY A Review of ad hoc income systems PRIORITY B	Financial losses due to fraud, theft, poor value for money, error. Reductions in staff resources/unfilled vacancies impacts segregation of duties and the level of management/independent checks undertaken. Inefficient systems.
Serious and Organised Crime Audit (In accordance with official framework) PRIORITY A	Poses a threat to national security; lack of awareness may lead to significant harm to the local community or staff; intelligence is not shared or acted upon; organised crime groups could be benefitting from public sector procurement contracts resulting in financial or reputational losses.
Corporate Project Governance PRIORITY A	Financial losses. Failure of projects due to poor governance arrangements, lack of resources and expertise. Failure to deliver project outcomes within budget, (cost and time) and/or objectives not met. New systems purchased or facilities/services delivered do not fulfil business, community or user needs.
Commissioning and Transformation – Procurement	Fraud and collusion; supply chain disruption; inadequate due diligence monitoring of supplier status resulting in service delivery failures; inefficient procurement processes; poor management information.

Appendix 1 - Internal Audit Annual Plan 2018/19

<p>Commissioning and Transformation – Information governance and security</p> <p>Review extent of General Data Protection Regulations being embedded within Services</p> <p>PRIORITY A</p>	<p>Non-compliance resulting in security/data breach, leading to reputational damage and significant financial penalties (Information Commissioner fines).</p>
<p>Commissioning and Transformation – ICT</p> <p>Advise on emerging risk areas</p> <p>PRIORITY A</p>	<p>Failure to meet relevant security requirements (PSN); security breaches; unavailability or unreliability of ICT systems; not able to achieve the space savings anticipated in Project Lima; failure to develop technology; policies or strategies not implemented.</p>
<p>Regeneration and Growth – Planning (Development Management)</p> <p>Consideration of new systems and processes being set up in response to Government White Paper</p> <p>PRIORITY B</p>	<p>Planning processes and performance management arrangements don't reflect latest Government proposals ('Fixing our broken housing market Feb 2017'). Incur significant expenditure without increasing local housing supply or growing local economy.</p>
<p>Regeneration and Growth – Planning – Community Infrastructure Levy (CIL)</p> <p>PRIORITY A</p>	<p>Significant income sums generated from CIL may not be collected promptly or spent increasing risk of challenge; facilities provided fail to meet community needs or do not comply with CIL regulations</p>
<p>Environmental Health</p> <ul style="list-style-type: none"> Houses in Multiple Occupation (HMO) licensing requirements Enforcement and civil penalties <p>PRIORITY B</p>	<p>Loss of licensing income; enforcement policies are inadequate or not applied.</p>
<p>Building Control</p> <p>PRIORITY B</p>	<p>Loss of fee income; noncompliance with building regulations; unsafe structures leading to possible injury/claims</p>
<p>Community Wellbeing – Housing</p> <ul style="list-style-type: none"> Housing Benefits Overpayments <p>PRIORITY A</p>	<p>Significant level of outstanding overpayment debt; failure to fully recover HB debt as regulations stipulate restrictions; lack of skills or expertise to recover the debt.</p>
<p>Community Wellbeing – Housing</p> <ul style="list-style-type: none"> Universal Credit PRIORITY B 	<p>Relevant processes not set up or adaptations made to ensure readiness for Universal Credit rollout; reputational risks; community needs not met.</p>

Appendix 1 - Internal Audit Annual Plan 2018/19

<p>Community Wellbeing – Housing</p> <ul style="list-style-type: none"> Rent Management System PRIORITY A 	<p>Inadequate systems operating to recover and monitor income due from Bed and Breakfast accounts resulting in arrears/loss of income.</p>
<p>Community Wellbeing - Housing</p> <ul style="list-style-type: none"> Review embedding of revised processes following the Homelessness Reduction Act (2018) PRIORITY A 	<p>The necessary processes are not implemented to meet legislative requirements, increasing risks of penalties being incurred.</p>
<p>Community Wellbeing</p> <ul style="list-style-type: none"> Independent Living (SPAN) PRIORITY B 	<p>Significant funding cuts; failure in service delivery; vulnerable client needs not met</p>
<p>Neighbourhood Services</p> <ul style="list-style-type: none"> Spelride PRIORITY B 	<p>Financial loss/ poor value for money from Partnership arrangement; inefficient income recording systems; inadequate management information; vulnerable client needs not met; insecure handling of sensitive data.</p>
<p><u>Assurance Template</u> – As part of the authority’s assurance framework, some reliance is placed on Managers (representing the first line of defence) to confirm adequate controls are operating within their respective functions to mitigate key risks. Internal Audit facilitate the process through review of evidence and compliance testing (for planned assignments).</p>	<p>Failure to manage service risks - leading to service delivery failure, delays, errors, losses, inefficient systems, fraud, injury/death and reputational damage.</p>
<p><u>Corporate Counter Fraud</u></p> <ul style="list-style-type: none"> Collate quarterly fraud returns for Housing, Business Rates and Council Tax. Continue to monitor financial outcomes and wider benefits being achieved from Counter fraud work Contract Management - monitor collaborative working with Reigate and Banstead (Counter Fraud resource); monitor fraud referral levels; assess fraud returns and delivery of expected outcomes. Attendance at Surrey Counter Fraud Board and relevant sub-groups, with dissemination of best practice Internal Counter Fraud Group (SBC) Review Counter Fraud policies Anti- Fraud, Bribery and Corruption awareness training for all staff - explore joint training options with the 	<p>Financial losses and reputational damage. Social housing fraud deprives people in genuine need of a home, placing increased pressure on the Housing Service.</p>

Appendix 1 - Internal Audit Annual Plan 2018/19

<p>Surrey Counter Fraud Board</p> <ul style="list-style-type: none"> • Liaison with relevant partners such as the DWP regarding the joint working initiative 	
<p><u>Corporate/Other</u></p> <ul style="list-style-type: none"> • Internal Audit reporting to Management Team and Audit Committee (9 reports per calendar year) • Corporate Risk Management (review and update the Corporate Risk Register with reporting to Members) • Input into Annual Governance Statement • External Audit liaison • External Quality Assessment for Internal Audit • Service Planning • Attendance at Working Groups such as the Corporate Risk Management Group, Counter Fraud Group, ICT Service Improvement Group (SIG) , Information Security Review Group (ISRG) and Information Governance • Advice and support to managers Contingency time for unplanned work requests/special investigations 	<p>The Council's significant risks are not necessarily identified or highlighted; lack of monitoring of risk mitigating actions.</p>

KEY – PRIORITY RATINGS HAVE BEEN ASSIGNED TO PLANNED AUDIT AREAS BASED ON PERCEIVED LEVEL OF RISK AND SIGNIFICANCE

PRIORITY A

PRIORITY B