Appendix 1 to Internal Audit Services Review Report (Covers 2016/17 period)

Audit Review	Assurance Level*	Comments / Agreed areas for improvement arising from Internal Audit Review
ICT - Incident management process	Some Improvement Needed	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 sufficient and operating effectively, albeit there is scope for: - Users to be made aware of their responsibilities and procedures to follow when reporting an incident. - Regular messages circulated to staff and network users requesting prompt reporting of any security weaknesses or incidents, without any fear of recrimination. - Regular training to be offered to staff in order to avoid/minimise risk of security breaches. Recommendations raised are currently under discussion.
Emergency Planning and Business Continuity	Some Improvement Needed	Monitoring the agreement with Applied Resilience for the delivery of Emergency Planning and Business Continuity Planning should incorporate specific targets and expected outcomes in order to measure actual performance. Monitoring exercises need to be meaningful and clearly evidenced.
Housing Benefits	Some Improvement Needed	Internal Audit identified three areas for improvement relating to: - Debt management (overpayments) - Reporting of rising overpayments *(Above actions are being monitored through the Corporate Debt Group)* - Management review of daily reconciliations between Council Tax Support and Council Tax.

Audit Review	Assurance Level*	Comments / Agreed areas for improvement arising from Internal Audit Review
Cash Collection and Banking	Some Improvement Needed	- Clear procedure notes on completing bank reconciliations under the new bank account arrangements should be devised. - Support could be obtained from the banking provider to facilitate the reconciliation process and resolve any unreconciled differences. - Comprehensive procedure notes should be compiled for cash and bank related functions to ensure continuity of the service.
Leisure Centre Contract	Some Improvement Needed	- To obtain a suitable set of accounts to enable a formal analysis of whether the profit sharing clause needs to be activated (if relevant profits have exceeded the threshold). - Regarding post 2021 Leisure Centre provision, urgent action to be taken to set up a dedicated project team and redefine project objectives, roles, responsibilities and timetables. Project progress to be monitored against plan to ensure timely progress. *(A high level discussion document was presented to Cabinet in October 2016 and a project team subsequently formed to support the future direction of this project. A specification is being drawn up)*
Community Infrastructure Levy (CIL - Planning)	Some Improvement Needed	Scope for improvement was identified in terms of: - Timeliness of issuing income demand notices to developers (once the commencement notice has been received, targets should be introduced for issuing demand notice to developers to ensure income is received promptly) - Income reconciliation (regular exercises should form part of budget monitoring)

Appendix 1 to Internal Audit Services Review Report (Covers 2016/17 period)

Audit Review	Assurance Level*	Comments / Agreed areas for improvement arising from Internal Audit Review
Partnership Governance	Major Improvement Needed	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: - A responsible officer to review, update and re-issue the Partnership Governance policy. - A list of significant Partnerships entered into (strategic, commercial and work-related) should be identified and recorded centrally *(this action has commenced and is in progress).* - Governance status questionnaires to be completed for any identified strategic partnerships. - Members of Overview and Scrutiny Committee to scrutinise Partnership activity if required. - Arrangements made to ensure that partnerships are supported by suitable contact documentation (where appropriate)
Housing	Some Improvement Needed	- Reduction in processing times for homelessness applications to be targeted - A delegation of authorities document should be produced within Housing Options, so as to formalise who can authorise each of the various decisions that are taken as part of routine operations - Provision of a banding changes report would enable clearer visibility of all banding changes and would facilitate management checks. - The officer responsible for managing former debt should be supplied with a copy of the monthly Sales Ledger Aged Analysis Report to supplement current recovery efforts. Occasional spot-checks should also be carried out by the Housing Options Manager - Management review is necessary to gain assurance that all reported housing related frauds are being captured on the spreadsheet. - Evidence collected following visits to suspect fraud applicants should be scanned promptly. There may also be scope for streamlining records relating to fraud.

Appendix 1 to Internal Audit Services Review Report (Covers 2016/17 period)

Audit Review	Assurance Level*	Comments / Agreed areas for improvement arising from Internal Audit Review
Community Safety	N/A	Audit Services worked closely with the Community Safety Manager to populate the assurance template for Community Safety through identification of risks relating to the function and corresponding control measures operating.
Payroll	Some Improvement Needed	Recommendations raised are currently under discussion. They relate primarily to system access controls and source documentation.
Treasury Management	Effective	- Liaise with the Councils Treasury Management advisors, to ensure the full range of assistance is obtained as per the service agreement. - Produce a Treasury Management Policy which is differentiated from the Treasury Management Strategy. - Put a succession plan in place to ensure a smooth transition and continuity in light of the recent and imminent departures of key officers, as well as improved cover for short/long term staff absences. - Ensure a formal and thorough handover of treasury management duties takes place before the Principal Accountant's departure in June 2017.
Creditors	Some Improvement Needed	Recommendations raised are currently under discussion. They highlight 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. Compliance with the corporate credit card procedure has also been reiterated.
Main Accounting Systems	Some Improvement Needed	• Maintain a succession plan to ensure a smooth transition if key members of the Finance team leave the Council. • 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. • Ensure there is a comprehensive procedure manual for finance which is periodically reviewed. • Periodically review transactions on the audit log to identify anomalies, irregularities or inconsistencies

Appendix 1 to Internal Audit Services Review Report (Covers 2016/17 period)

		• Ensure that Journals are properly authorised by an independent officer • Sales Ledger reconciliations to the general ledger should be evidenced • Prepare a timetable for closing monthly accounts • As a 'lessons learned exercise', review the close down process that took place for the 2015/16 accounts. Identify any areas where improvements can be made for 2016/17 for delivery of the final accounts.

Appendix 1 to Internal Audit Services Review Report (Covers 2016/17 period)

Audit Review	Assurance Level*	Comments / Agreed areas for improvement arising from Internal Audit Review
Business Rates	Some Improvement Needed	Recommendations raised are currently under discussion. They include: • 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). • Ensure the CIVICA accounts are updated with supporting documentary evidence when awarding exemption reliefs. • 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 for amounts over £6,000.00 are approved by Cabinet Members. • Review the Anti Money Laundering policy and procedures, ensuring it is accessible to all staff. • Arrange Anti Money Laundering Refresher training for all appropriate staff within Customer Services. • Regular one to one meetings and annual appraisals to take place with the Customer Services Counter Fraud Support Officer (Inspector) to discuss work status whilst at the same time providing a vehicle for personalized feedback and mentoring.

Appendix 1 to Internal Audit Services Review Report (Covers 2016/17 period)

Audit Review	Assurance Level*	Comments / Agreed areas for improvement arising from Internal Audit Review
Debtors	Major Improvement Needed	Recommendations raised are currently under discussion. As the Corporate Debt Group has been meeting regularly since March 2017 it is envisaged that current and outstanding internal audit recommendations representing a medium or high priority can be monitored and progressed through this group. Recommendations include: • Review the terms of reference for the Corporate Debt Group *(scheduled for the next meeting of the group)* • 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. • Responsibility for recovery of sundry debt should be clearly defined and documented in procedures. • Targets should be established to measure the achievement of collection rates and ratios. • 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). • Accountability for arrears rates and collection performance should be assessed by the CDG. • Supporting documentation to be maintained for invoices processed and credit note transactions *It is envisaged by the DCX (Terry Collier) that more focused resource and support for the Debtors function from April 2017 will facilitate in moving forward these audit recommendations.*
Performance Management	Major Improvement Needed	Recommendations include: • Re-establishing annual performance reviews of Service Plans • Ensuring a clear Service Plan guideline and timetable is communicated *(Above Implemented. Service Planning timetable issued in February 2017*

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together with revised templates for the 17/18 Service Planning and Annual Performance review process. The majority of Service plans for 17/18 have since been completed)

- Scheduling performance indicator returns into the Cabinet forward plan
(Implemented. Quarterly reporting now takes place on performance indicators)

- Scope to make some existing performance indicator's more meaningful
- Improved monitoring of the staff appraisal process

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Audit Review	Assurance Level*	Comments / Agreed areas for improvement arising from Internal Audit Review
Safeguarding	Some Improvement Needed	Recommendations include: • Setting a date for the roll out of the Children's and Adult Safeguarding Policy documents at Spelthorne, presenting the policy document(s) to MAT for approval and recommendation to Cabinet. *(The Safeguarding policy has now gone to Cabinet and been agreed. Action implemented as advised by the Group Head for Community Wellbeing)* • Reiterate to all nominated Safeguarding Officers that a Multi-agency referral form (MARF) should be completed for every children's referral and submission to Surrey County Council recorded. *(Implemented as advised by the Group Head for Community Wellbeing)* • To ensure completeness of records, reiterate to nominated Safeguarding Officers that all relevant information needs to be recorded on the safeguarding referral spreadsheet. *(Implemented as advised by the Group Head for Community Wellbeing)* • Outdated Safeguarding referral procedures should be removed from Spelnet and replaced with the new referral procedures. *(Updates to Spelnet and notice boards*

Appendix 1 to Internal Audit Services Review Report (Covers 2016/17 period)

	to be actioned in due course) • Bi-annually/annually the Senior Safeguarding Officers should prepare and submit a status report to MAT summarising past performance and current activities relating to Safeguarding children and adults at Spelthorne. • Job Descriptions to be updated to include safeguarding duties. • Training in the form of e- learning is outstanding for many staff. Managers have been sent reminders and will be asked to follow up.	

Audit Review	Assurance Level*	Comments / Agreed areas for improvement arising from Internal Audit Review
Procurement	Major Improvement Needed	• It was acknowledged that development of a Contract and Procurement Hub is in progress, aimed for completion by December 2017 • Full compliance with the Local Government Transparency Code is required • Procurement and Contract Management guidelines to be updated and publicised to reflect regulatory changes of 2015. • 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 • Review the Procurement strategy and prepare an accompanying action plan (note that the strategy has since been prepared).
Economic Development	Some Improvement Needed	The 3 year economic assessment & development strategy has been updated to cover the period 2017 - 2022, approved by Cabinet in February 2017. It incorporates recommendations made by Internal Audit in their review such as formal clarification of responsibilities, establishing timescales for actions in the strategy to improve accountability, documentary evidence for decision making, enhancing performance review and monitoring mechanisms, and ensuring regular formal Member oversight of the strategy.

Appendix 1 to Internal Audit Services Review Report (Covers 2016/17 period)

Health and Safety	Some Improvement Needed	• It was acknowledged that a 12 month rolling health and safety programme being introduced for 2017 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. *(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).* • Health and Safety policy reviews should be formally approved by Members of the Council. *(The Health and Safety Policy has since been updated and will go onto Cabinet for adoption on the 21 June 2017).* (Implemented) • Update the Health and Safety pamphlet to include details of the Health and Safety Policy • Ensure the Managers Guide to Health and Safety is completed, distributed and publicised before the 12 month rolling H&S program commences, to incorporate the proposed process by which self-audits should be undertaken by Managers. • The Health and Safety Officer is in the process of arranging training sessions for all staff on the use of SHE, scheduled to take place through June and July 2017.

Audit Review	Assurance Level*	Comments / Agreed areas for improvement arising from Internal Audit Review
Human Resources (Employment Legislation)	Some Improvement Needed	• It is acknowledged that the methods by which information is accessed, processed and disseminated is dependent on the nature of legislative changes. • 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. (Recommendation under discussion)
Contaminated Land	Effective	Minor suggestions made to further improve the risk assessment methodology applied. (Recommendation under discussion)
Follow Up Audit Recommendations	N/A	Audit recommendations were followed up in some areas during the year to monitor implementation.

Appendix 1 to Internal Audit Services Review Report (Covers 2016/17 period)

Assurance template	N/A	During 2016/17 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 carried out an ICT Audit review at Waverley Borough Council relating to SharePoint. This has enabled sharing of best practice with Spelthorne.
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In Progress

- Parking Audit Review

Investigations undertaken in the following areas:

Procurement and anonymous staffing allegation
IT equipment expenses
Personal Data Breach (Support provided)

Other work

Corporate Risk Management - Internal Audit continues to co-ordinate the Corporate Risk Register and reports regularly to Audit Committee and Cabinet. Corporate Risk Management Group meetings are held periodically. Please also refer to the Corporate Risk Register to note improvements being made in a number of areas outlined above.	
Counter Fraud	• DCLG fraud funding was made available across Surrey for an 18 month period up to 30 June 2016 to assist in the detection and prevention of non-benefit fraud, focusing on housing, (homeless and housing applications,

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tenancy fraud, right to buy applications) business rates (evasion and avoidance),and Corporate/miscellaneous frauds e.g. investigating student exemptions for Council Tax. Significant payback/returns have been achieved from the DCLG grant funding and as at 30.6.16 the cumulative return for Spelthorne was £675k (shared across SBC, Surrey CC and Surrey Police). The proportion of savings retained by Spelthorne were in excess of £200k with Business Rates savings equating to an impressive £190k. On the basis of this positive outcome the Internal Audit Manager submitted a revenue growth bid for additional fraud resource, which was approved by MAT and Members for 2017/18. Arrangements to buy-in resource to target areas which are likely to generate greater financial payback is in progress.

- Collate quarterly fraud returns for submission to Surrey County Council. At 31.3.17 the cumulative return for Spelthorne (since the start of the Surrey Fraud Partnership in January 2015) was £855k .
- External groups are attended with Surrey Partners including the Surrey Counter Fraud Board (SCFB), Surrey Tenancy Fraud Forum and Business Rates sub-groups. This enables the sharing of best practice and approaches in tackling housing fraud/business rate avoidance and evasion. 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.
- The Internal Audit Manager chairs the internal Fraud working group and disseminates any best practice.
- Internal Audit circulates details of frauds identified nationally to make staff aware of risks.
- The anti-fraud, bribery and corruption strategy and Confidential Reporting Code are reviewed annually and updated Whistleblowing Posters placed on all staff noticeboards.
- Coordinated completion and submission of TEICCAF Fraud survey and circulated results.
- 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.

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Advice to management

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- MAT reports – governance, risk and control issues
- Project management
- Significant procurements / disposal of Council assets
- Knowle Green Estates
- Neighbourhood grant scheme
- Rent Accounting System
- Housing – RIPA legislation/ Disabled Facilities Grants process review/ Bed and Breakfast
- Mayors charity fund
- Unix to Windows migration

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Appendix 1 to Internal Audit Services Review Report (Covers 2016/17 period)

	• Policies and procedures eg PCI DSS (Payment Card Industry Data Security Standard) • Parking – various • ICT – various • Customer Services – miscellaneous payments • Finance – Integra system (Payments) and authorisation levels • Economic Development –systems to support key account management of businesses • General Data Protection Regulations • Attendance, advice and support to a number of internal working groups
Miscellaneous	• MAT and Audit Committee (presentation of reports) • Meeting with Portfolio Holder • Service Planning and Performance Management (Service and personal targets, 1-1's, appraisals, review of work allocations and backfilling, monitoring progress in delivering Internal Audit Plan) • Staff Management/ phased return to work management • Budget Monitoring/raising orders and invoices/revenue growth bids • Commissioning internal audit resource from Surrey County Council and overseeing delivery of outcomes • Spelthorne Senior Auditor commissioned to carry out ICT Audit at Waverley – liaison with Officers at this Council /preparation of contract/ associated management • Preparation of audit programmes and management review of Audits carried out • Meetings with Group Heads to discuss emerging risks following the restructure • Preparation of Internal Audit Plan for 2017/18 • Assigned as Single Point of Contact for Serious and Organised Crime • Liaison with HR about corporate training needs • Attending new IT system demonstrations • Responding to Freedom of Information Requests • Preparation of Service Continuity Plan for Audit Service and participation in table top exercise • Health and Safety tasks • Audit training/Corporate training/Management Development Programme /CPD submission to CIIA • General Administration • Meetings and liaison with external audit regarding interim audit • Managers Briefings and staff meetings • Support to the Council's governance arrangements eg contribution to Annual Governance Statement

	• Support with election duties