

*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.

<p># Internal Audit Recommendations Status Key (Column 5 of table):</p> <p># 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. MAT & Members should note the comments recorded under the Progress column when considering the direction of travel. It seems appropriate that an effective assurance rating for the current RAG is issued only where all audit recommendations have been implemented.</p>
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Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	Audit Recommendations	Progress comments i.e. 'Implemented', or 'Outstanding' # (see status key page 1)	Current RAG rating
<p>1.Main Accounting Systems</p> <p>January/February 2019 (Fieldwork)</p> <p>April 2019 (Draft)</p> <p>June 2019 (Final)</p>	<p>Some Improvement Needed</p>	<p>Chief Accountant</p>	<p>1. The Finance Procedure Manual should be reviewed on a biennial basis and updated including current practices, relevant systems used and all of the key processes undertaken by the Accountancy Team. In addition, a version control and/or revision chart should be included within the manual detailing when the manual was last reviewed and its next review date.</p> <p>2. The e-Series Training notes and guidance published within the 'Invoice / Purchase Order Notes' on the Council's intranet should be reviewed regularly and, if necessary, updated to ensure they represent current practices. Also, these documents should be enhanced to include a version control</p>	<p>1. To be completed by end of September 2019.</p> <p>2. To be completed by end of September 2019.</p>	<p>Some Improvement Needed</p>

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	Audit Recommendations	Progress comments i.e. 'Implemented', or 'Outstanding' # (see status key page 1)	Current RAG rating
			<p>and/or revision chart outlining when this document was last updated and when next review date is.</p> <p>3. Periodic spot check should be undertaken on Journals to confirm:</p> <ul style="list-style-type: none"> • That senior officer's approval is obtained for journals exceeding £20k; and • The validity and accuracy of the journals under £20k. <p>The result of the spot check should be retained to demonstrate the oversight control is in operation.</p> <p>4. The exception identified (Leaver) should be followed up further to determine if there is an underlying reason</p>	<p>3. To be completed by end of July 2019.</p> <p>4. Addressed no further action</p>	

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	Audit Recommendations	Progress comments i.e. 'Implemented', or 'Outstanding' # (see status key page 1)	Current RAG rating
			<p>which needs to be addressed to prevent recurrence in future. Leavers should have their Integra access disabled/revoked promptly.</p> <p>5. Consideration should be given to enhancing each of the reconciliations spreadsheets and/or documents to include the name of the Officer performing the reconciliation, balances as per relevant feeder system and GL, variances (if any) and the date the reconciliation was undertaken. Reconciliations should be dated and signed off by an independent Officer and/or Manager as having been reviewed.</p>	5. Implemented	

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

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<p>2. Treasury Management</p> <p>January/February 2019 (Fieldwork)</p> <p>April 2019 (Draft)</p> <p>June 2019 (Final)</p>	<p>Some Improvement Needed</p>	<p>Chief Accountant</p>	<ol style="list-style-type: none"> 1. In view of the ongoing and increased Treasury Management activity, it seems prudent that the Chief Accountant carry out periodical management spot checks to incorporate high value transactions. The spot checks would enhance control by confirming that transactions comply with limits set and further reduce the risk of re-occurrence of significant errors. 2. The Treasury Management procedure manual should clearly set out roles, responsibilities and system permissions assigned relating to ICD trades in order to provide clarity across the team regarding who can do what. This may also provide an opportunity to assess whether all current permissions assigned are 	<ol style="list-style-type: none"> 1. To be completed by end of July 2019. 2. To be completed by end of July 2019. 	<p>Some Improvement Needed</p> <p>Corporate Risk Register</p>

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	Audit Recommendations	Progress comments i.e. 'Implemented', or 'Outstanding' # (see status key page 1)	Current RAG rating
			<p>relevant and appropriate with a view to further strengthening segregation of duties.</p> <p>3. The Service should ensure that a timetable is agreed for the review, update and approval of the Treasury Management Practices and Schedules. (Re-recommendation).</p> <p>4. Regular cashbook reconciliations (reconciliations between the cash book, general ledger, and the bank) to continue to be completed monthly and independently reviewed to ensure any potential errors and discrepancies are promptly identified and rectified.</p> <p>5. Clarity is required over specific roles relating to the</p>	<p>3. To be completed by end of August 2019.</p> <p>4. Implemented</p>	

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

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			<p>Cashbook reconciliations process and the division of duties / tasks between the Assistant Accountant and Deputy Chief Accountant. In particular, responsibility for investigating and rectifying discrepancies needs to be clearly defined.</p> <p>6. Any review of reconciliations undertaken by the Deputy Chief Accountant should be evidenced promptly.</p>	<p>5. To be completed by end of August 2019.</p> <p>6. To be completed by end of August 2019.</p>	
<p>3. Housing Benefits Overpayments</p> <p>December/January 2019 (Fieldwork)</p> <p>March 2019 (Final)</p>	<p>Some Improvement Needed</p>	<p>Joint Group Heads Community Wellbeing</p>	<p>1. A documented Member endorsed Housing Benefits Overpayments Policy should be reviewed and updated by the Joint Heads of Community Wellbeing.</p> <p>2. The Housing Benefits Overpayments Policy should incorporate a Write-Off Policy and cross refer to the relevant DWP guidance /</p>	<p>1. Implemented - policy amended and approved and circulated (copy has been sent to audit).</p> <p>2. Implemented - Write off section of overpayment policy updated and has been circulated.</p>	<p>Effective</p> <p>Corporate Risk Register</p>

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	Audit Recommendations	Progress comments i.e. 'Implemented', or 'Outstanding' # (see status key page 1)	Current RAG rating
			<p>regulations as well as the revised Corporate Debt Policy. The revised policy should be promoted and accessible to relevant officers.</p> <p>3. The Corporate Debt Group should provide a clear steer with regard to the level of management information required to substantiate the overall £2.986m Housing Benefits Overpayments figure (acknowledged figure will change over time) as well as evidence that this has been sufficiently monitored and reviewed by the Housing Benefits Manager.</p> <p>4. Any debt management breakdown documents should record the name of the officer producing it and once the document has been acknowledged / agreed by</p>	<p>3. Implemented - Discussions have taken place at the Corporate Debt Group and subsequent management information has been presented to the Group.</p> <p>4. Implemented - Name of person has now been put on future documents concerning debt management information which is</p>	

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	Audit Recommendations	Progress comments i.e. 'Implemented', or 'Outstanding' # (see status key page 1)	Current RAG rating
			<p>the Joint Heads of Community Wellbeing, the document should be presented to the Corporate Debt Group.</p> <p>5. The Housing Benefits Manager should produce a Housing Benefits Overpayments Aged Debt Analysis periodically as a practical tool to be used for :</p> <ul style="list-style-type: none"> • monitoring and reviewing the ongoing debts; • informing the Corporate Debt Group on aged debt (i.e. improved management information); and • Establishing the cost effectiveness of chasing longstanding debts which 	<p>presented to the Corporate Debt Group and group heads</p> <p>5. Implemented - as part of the information presented to the Corporate Debt Group</p>	

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

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			the Authority is unlikely to recover.		
<p>4. Project Governance</p> <p>January/February 2019 (Fieldwork)</p> <p>April 2019 (Draft)</p> <p>May 2019 (Final)</p>	Major Improvement Needed	Group Head Commissioning and Transformation	<p>1. The Project Steering Group should consider enhancing the role of the Corporate Project Team giving due consideration to the importance of Prince2 qualifications being pursued / completed by relevant officers within this team. This may encourage greater consistency in the application of methodology, frameworks and governance arrangements on all projects across the Council. As part of this exercise, consideration may need to be given to assessing whether the existing level of resource in this area is deemed sufficient.</p>	<p>Management will be providing a status update on implementation in due course, to be reported to the November Audit Committee.</p>	Major Improvement Needed

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	Audit Recommendations	Progress comments i.e. 'Implemented', or 'Outstanding' # (see status key page 1)	Current RAG rating
			<p>2. Responsibility for undertaking the Project Sponsor role should be considered further. This could be considered in conjunction with establishing a Project Challenger to give those involved in the governance of the project independent assessment of the progress and likely success of the project.</p> <p>3. The previous recommendation raised by Internal Audit in the Annual Audit report of July 2018 (relating to the 2017/18 financial year) remains outstanding and therefore should be considered as follows:</p> <p>Whilst the Council has a proportionate Project Governance framework, consistent and proportionate</p>		

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

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			<p>application of Project Governance arrangements are required to contribute to the likely success of projects whilst reducing potential risks of delays and overspend.</p> <p>4. The Council may wish to consider enhancing the current project template documentation by also incorporating (and applying where appropriate):</p> <ul style="list-style-type: none"> • A Project Mandate - the first document required to initiate a project / request for approval of the project. It encapsulates the ideas and basic information that is available at this point; • A Project Initiation Document (PID) clearly 		

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	Audit Recommendations	Progress comments i.e. 'Implemented', or 'Outstanding' # (see status key page 1)	Current RAG rating
			<p>defining roles and responsibilities; and</p> <ul style="list-style-type: none"> • A Gantt chart for the purposes of providing a useful monitoring and communication tool. <p>5. The Project Steering Group should clearly establish whether the reporting protocol that includes the use of red / amber / green status indicators is fit for purpose.</p> <p>6. Consideration should be given to establishing a mechanism to report projects for which relevant documentation and control processes have not been applied.</p> <p>7. To ensure a consistent and standardised approach to Project Management within</p>		

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	Audit Recommendations	Progress comments i.e. 'Implemented', or 'Outstanding' # (see status key page 1)	Current RAG rating
			<p>the Council, MAT should consider providing Prince2 training for all Project Managers to provide them with the key tools and techniques needed to manage projects successfully. This should also be attended by the Corporate Project team, to facilitate the provision of any ongoing support to Project Managers / Sponsors.</p> <p>If the Prince2 training highlights additional control processes that may be useful to adopt at Spelthorne, the Corporate Project Team may wish to give this further consideration, bearing in mind that the methodology promoted needs to be proportionate to the size / nature of the projects. (This is linked to recommendation 4 above)</p>		

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	Audit Recommendations	Progress comments i.e. 'Implemented', or 'Outstanding' # (see status key page 1)	Current RAG rating
			<p>8. The Project Steering Group should provide refresher training so that Project Sponsors and Project Managers are clear as to what constitutes a project. Officers responsible for managing projects should have an understanding and awareness of the Project Management Framework, guidance and relevant governance processes, and therefore any refresher training would help to reinforce this also.</p> <p>9. The Project Steering Group should clearly establish whether the reporting protocol that includes the use of Project Categorisation is still fit for purpose. The Project Officer should periodically review and highlight any projects that have been incorrectly</p>		

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

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			categorised, ensuring corrective action is taken to enable accurate reporting of Project Categorisation and effective project monitoring.		
<p>5. ICT Audit Needs Assessment</p> <p>January & March 2019 (fieldwork) April 2019 (Draft) May 2019 (Final)</p>	N/A	Group Head for Commissioning and Transformation	This piece of work was carried out in collaboration with Management to inform audit planning and establish ICT Audit areas for the next three years, taking into account the significance of risk associated with each of the auditable areas. A programme of work has been agreed with Management.	N/A	N/A
<p>6. Procurement</p> <p>December, January to March 2019 (fieldwork)</p> <p>May 2019 (Draft)</p> <p>Subject to discussion/receipt of management responses</p>	Major Improvement Needed	Head of Corporate Governance	1. A system should be implemented to monitor compliance with the Council's procurement rules including the requirements around advertising of contracts and a reporting mechanism should be established to notify the	<p>Management responses to internal audit recommendations remain outstanding.</p> <p>Management will be requested to provide a status update on implementation in due course, to be reported to</p>	<p>Major Improvement Needed</p> <p>Corporate Risk Register</p>

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	Audit Recommendations	Progress comments i.e. 'Implemented', or 'Outstanding' # (see status key page 1)	Current RAG rating
			<p>Chief Finance Officer of non-compliance.</p> <p>2. The Council's Contract Standing Orders (CSOs) should be kept up to date and reflect the priorities and objectives stated within the Procurement Strategy. The CSOs should be coordinated with the Council's financial policies and regulations, current structure and systems used, and should help to ensure compliance with EU and UK procurement legislation.</p> <p>3. The Council should follow the Local Government Transparency Code by publishing a list of all contracts over £5,000 on its website (including description of the goods and/or services being provided, supplier name and</p>	<p>the November Audit Committee.</p>	

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	Audit Recommendations	Progress comments i.e. 'Implemented', or 'Outstanding' # (see status key page 1)	Current RAG rating
			<p>details, value, and start, end and review dates). Where this is not the case, the Council should formally consider and document the risks associated with non-compliance.</p> <p>4. All procurement, contract management and EU procurement guidance documents and checklists should be reviewed and updated with the most current legislative and regulatory changes, and made accessible on Spelnet to staff responsible for procurement and contract management. An officer should be assigned responsibility for updating and maintaining procurement and contract guidance.</p>		

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	Audit Recommendations	Progress comments i.e. 'Implemented', or 'Outstanding' # (see status key page 1)	Current RAG rating
			<p>5. The Council should identify the skills required for those involved in the letting and management of contracts and consider the need for periodical training to allow officers to discharge their responsibilities effectively. This can supplement the central procurement support promoted through the Procurement Projects Group recently set up.</p> <p>6. The Procurement team should ensure that requirements set out by the External Trainer during the training session of 8.5.19 are considered and incorporated into Spelthorne policies, processes and procedures as appropriate. There is scope to follow up the external training with a further session to outline local procedures and processes in</p>		

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	Audit Recommendations	Progress comments i.e. 'Implemented', or 'Outstanding' # (see status key page 1)	Current RAG rating
			<p>place at Spelthorne to promote awareness and understanding of expectations.</p> <p>7. The latest Procurement Strategy should be published on Spelnet (the Council's intranet) and continued steps should be taken to promote and build awareness of the strategy.</p> <p>8. Any action plans accompanying the latest Procurement Strategy should be reviewed, progressed and monitored, with reports produced to show how the strategy is advancing, who is responsible, and achievements to date. These should be provided to departmental management, the Strategic Management Team and Council members, as required.</p>		

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	Audit Recommendations	Progress comments i.e. 'Implemented', or 'Outstanding' # (see status key page 1)	Current RAG rating
			<p>9. The Council should consider whether a Terms of Reference for the new PPG should be put in place (including frequency of meetings and to whom the group is accountable) and this should be reviewed and approved annually as recommended at the last audit.</p> <p>10. A contract register should be put in place, clearly listing all Council contracts, their values and expiry dates. Responsibility should then be assigned to an officer within Legal (Corporate Governance) to maintain this record and ensure that it stays up to date.</p> <p>11. An individual or groups should be allocated responsibility for overseeing</p>		

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	Audit Recommendations	Progress comments i.e. 'Implemented', or 'Outstanding' # (see status key page 1)	Current RAG rating
			<p>contract forward planning. Contract review alerts should be set and all contracts that are due to expire should be subject to review. The commissioning cycle should be triggered to determine the best course of action and make a decision as to how best to meet service requirements.</p> <p>12. Responsibility should be assigned for central oversight of procurement compliance. Consideration should be given to whether the Procurement team can be notified of purchase orders over certain values to instigate a compliance check.</p> <p>13. Signed contracts should be obtained before operations commence. Where the Council needs to assume "implied terms", the Council should ensure that they will</p>		

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	Audit Recommendations	Progress comments i.e. 'Implemented', or 'Outstanding' # (see status key page 1)	Current RAG rating
			<p>be able to enforce the implied terms and corrective actions in an event of disputes or contractor performance issues.</p> <p>14. Contract files should be in place for all contracts evidencing decisions made. Clarification should be provided as to whether the Legal team or individual departments are responsible for retaining contract files. Having established this responsibility, orderly, transparent and auditable contract files should be maintained.</p> <p>15. The Council's approach to supply chain resilience should be developed. This should include:</p>		

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	Audit Recommendations	Progress comments i.e. 'Implemented', or 'Outstanding' # (see status key page 1)	Current RAG rating
			<ul style="list-style-type: none"> • Requesting and undertaking appropriate financial checks; • Establishing the contract clauses required to protect the Council's interests, • Obtaining supplier business continuity plans; • Understanding where data will be held and accessibility of data; and • Gaining on-going assurance that the supply chain as a whole will continue to operate for the foreseeable future. For example attending the supplier's business continuity test and/or preparing supply chain resilience strategies. <p>16. Once documented, the roles and responsibilities should be communicated to relevant</p>		

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	Audit Recommendations	Progress comments i.e. 'Implemented', or 'Outstanding' # (see status key page 1)	Current RAG rating
			<p>staff. This may be achieved through incorporating this into existing procurement or contract management guidance.</p> <p>17. A contract management framework should be developed and documented to set out how contract managers should monitor contracts; what information should be reported, and how the outcome of the monitoring should be recorded.</p> <p>18. There should be a process to facilitate central oversight of key contracts. Summary of monitoring outcomes should be recorded centrally in accordance with the contract monitoring framework mentioned above.</p> <p>19. Contract managers should be encouraged to seek advice</p>		

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	Audit Recommendations	Progress comments i.e. 'Implemented', or 'Outstanding' # (see status key page 1)	Current RAG rating
			<p>from the Procurement team where appropriate, e.g., where contractors are found on a number of occasions to have breached the contract terms / failed on key deliverables. This may be facilitated in due course once the Contract Management Action Learning Group has been set up.</p> <p>20. Roles, responsibilities and reporting lines across the Council for the devolved procurement structure should be clearly defined and communicated to staff. It is acknowledged that the newly formed PPG should provide a mechanism to reinforce this as well as facilitating the coordination and ongoing scrutiny of procurement across the Council.</p>		

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	Audit Recommendations	Progress comments i.e. 'Implemented', or 'Outstanding' # (see status key page 1)	Current RAG rating
			<p>21. Risk mitigating actions recorded on the Corporate Risk Register should be monitored to ensure implementation. This is timely considering that revised procurement processes are being established and the Corporate Governance service are planning for / implementing further changes.</p> <p>22. All staff and Members should receive mandatory fraud awareness training (incorporating Procurement fraud, bribery and corruption) endorsed by the Strategic Management Team.</p>	<p>22. This has been agreed in principle with the Section 151 Officer and a suitable trainer has been identified.</p>	
<p>7. Homelessness Reduction Act – Embedding of Revised Processes March & April 2019 (fieldwork) June 2019 (Draft)</p>	<p>Effective</p>	<p>Joint Group Heads Community Wellbeing</p>	<p>N/A. There are no recommendations arising from this audit review.</p>	<p>N/A.</p>	<p>Effective</p> <p>Corporate Risk Register</p>

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	Audit Recommendations	Progress comments i.e. 'Implemented', or 'Outstanding' # (see status key page 1)	Current RAG rating
8. Debtors February to April 2019 (fieldwork) May 2019 (Draft) June (Final)	Some Improvement Needed	Deputy Group Head for Customer Relations / Interim Customer Services and Revenues Manager / Chief Accountant	<ol style="list-style-type: none"> 1. Consideration should be given to amending the financial reconciliation documentation to include the name of the Officer performing the reconciliation and the date the reconciliation was undertaken. Reconciliations should be dated and signed off by an independent officer or Manager as evidence of review. 2. The long standing entries held in the suspense account should be reviewed to ensure appropriate action has been taken to match outstanding items. Where there is little likelihood that items will be allocated, these should be written back. 3. The Council should review its current approach whereby all 	Management will be requested to provide a status update on implementation in due course, which can be reported to the November Audit Committee.	Some Improvement Needed Corporate Risk Register

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	Audit Recommendations	Progress comments i.e. 'Implemented', or 'Outstanding' # (see status key page 1)	Current RAG rating
			<p>debts are referred back to the relevant service lines following the stage 3 reminder. Council departments should be given a strict deadline for reviewing their debts and seek the advice / lead of the Customer Service team when agreeing the most appropriate recovery steps to be pursued, given that the Debt Recovery team hold the relevant skills and expertise. If no response is received from the specific service line, recovery action should be initiated by the Customer Service team in accordance with the debt recovery policy (it is acknowledged the policy is currently being revised). This should incorporate the outstanding debts highlighted from the audit testing. Consideration should also be given to reporting</p>		

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	Audit Recommendations	Progress comments i.e. 'Implemented', or 'Outstanding' # (see status key page 1)	Current RAG rating
			<p>these debts to the Corporate Debt Group to provide oversight over the responsiveness of service lines and action being taken by Customer Services to pursue debts.</p> <p>4. The revised Debt Recovery Policy / Procedure to be issued to the Corporate Debt Group.</p> <p>5. The Corporate Debt Group should periodically seek Management assurance that write off activity for sundry debts is taking place on a regular basis.</p> <p>6. The current write off procedure should be brought in line with the Council's Financial Regulations. Management should also ensure that both the Financial Regulations and the</p>		

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	Audit Recommendations	Progress comments i.e. 'Implemented', or 'Outstanding' # (see status key page 1)	Current RAG rating
			<p>Debt Recovery Policy / Procedure clearly state who has delegated authority to write off items which are in excess of £3,000 (and are not Council Tax or Business Rates debts).</p> <p>7. A centralised, electronic record of all suppressed accounts should be put in place and this should include details of the suppressed accounts, as well as any reasons for the suppression and end / review dates.</p>		
<p>9. Payroll</p> <p>March/April 2019 (fieldwork)</p> <p>Following clarification in some areas, Draft Report to be issued for further discussion. Improvement actions already highlighted with management.</p>	<p>Some Improvement Needed</p>	<p>Group Head Commissioning and Transformation/Human Resources Manager</p>	<p>1. Where previous recommendations relating to the 2017/18 Audit remain outstanding these have been highlighted.</p> <p>2. The monthly reconciliation between I-Trent and Integra should be completed on a monthly bases and</p>	<p>Management will be requested to provide a status update on implementation in due course, to be reported to the November Audit Committee.</p>	<p>Some Improvement Needed</p>

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	Audit Recommendations	Progress comments i.e. 'Implemented', or 'Outstanding' # (see status key page 1)	Current RAG rating
			<p>independently reviewed, with consideration given to retaining electronic evidence of sign off. (See Main Accounting Systems Audit also)</p> <p>3. Draft contracts of employment should be documented, evidenced on file and approved by the HR Manager, which will help to ensure that accurate and appropriate contracts are issued to employees of the Council.</p> <p>4. Staff should be reminded that employment forms should only be accepted for processing if they have been signed by an approved signatory. A copy of the approved signatory listing should be circulated for information.</p>		

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	Audit Recommendations	Progress comments i.e. 'Implemented', or 'Outstanding' # (see status key page 1)	Current RAG rating
<p>10. The new Spelthorne Leisure Centre</p> <p>April & October 2019 (fieldwork) December 2019 (Draft) February 2019 (Final)</p>	<p>N/A Project Status Report</p>	<p>Deputy Chief Executive (LO)</p>	<p>1. This project should have as a minimum:</p> <ul style="list-style-type: none"> • A project charter which defines the project scope; • A steering group* • Formal, approved terms of reference for the steering group; • A clear set of regular reporting arrangements (defined in 3) above; • A detailed plan which covers all aspects of the project <p><i>*This could comprise the Project Lead Team if the latter contains the necessary individuals</i></p> <p>2. The project plan should identify all key points at</p>	<p>For recommendations 1 to 5, 7 to 10 status updates are required. Recommendation 6 – Implemented</p>	

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			<p>which approval of the next stage is required and by whom this approval should be given.</p> <p>Arrangements should be made in advance of approval being required for the matter to be placed on the agenda of the relevant body or the need for approval should be otherwise notified to individual/body in advance so that the necessary work can be planned.</p> <p>All approvals should be given in writing. The record should contain a clear statement of exactly what has been approved (and, if it aids clarity, what has not been approved). It should also show clearly who has given the approval and when that approval was given.</p>		

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

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			<p>3. A Project Challenger (someone independent of the project team) should be appointed to give those involved in the governance of the project independent assessment of the progress and likely success of the project.</p> <p>4. The council should set a maximum "cost", using whatever metric it considers appropriate and taking into account other demands on its resourcing, that it is prepared to pay for the new leisure centre.</p> <p>A financial assessment of the proposed option (s) should then be carried out to determine whether it is likely to fall within this limit. If this is not/unlikely to be the case, consideration should be</p>		

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			<p>given to revising or stopping the project.</p> <p>Full details of the financial implications of the project should be included in the supporting papers given to the governing body asked to approve the project.</p> <p>5. Negotiations with EA to extend their contract to operate the existing SLC in the event that this is necessary should commence as soon as possible.</p> <p>Any maintenance tasks (and associated costs) necessary for the continued operation of the existing SLC for a period beyond 2021 should be identified to enable the council to determine whether it would be financially worthwhile continuing to operate the</p>		

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			<p>existing SLC if that were to become necessary.</p> <p>If continued operation would be viable, these tasks should be carried out at an appropriate time to enable the centre to continue operating if required.</p> <p>6. It is timely to seek/revisit professional advice as to whether it is possible and practicable to extend the economic useful life of the existing SLC and to what extent this can be done in a way that will meet the council's aspirations for the future. If it transpires that the above is both possible and practicable, the costs and related revenues of refurbishing the existing SLC should be determined and calculations performed so that an informed judgement</p>		

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			<p>can be made about the best way for the council to achieve its objectives. This can then be considered as an option alongside all other viable options. When the project is submitted for approval by the relevant governing body, all the advantages/benefits which it will bring should be stated and explained clearly in the supporting documentation.</p> <p>7. The objectives for the project should be specific, measurable, achievable, and realistic and time bound.</p> <p>8. When the operator contracts come up for renewal they should be tendered separately as well as on a combined basis so the council can choose the optimum arrangement.</p>		

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			<p>9. Management should establish a formal control process to ensure that lessons learned documentation is updated for all key lessons learned on a timely basis to ensure that everything that should be recorded actually is.</p> <p>10. Management should establish a formal control process to ensure that key project managers should be required to review (and evidence such review) the Council's existing documentation at appropriate times to ensure that past Council learnings are incorporated into the current project.</p>		

WORK IN PROGRESS (DEFERRED ASSIGNMENTS)

The following audits were deferred at the request of Management in the majority of cases to commence during quarter 1 of the 2019/20 financial year and are currently being finalised. Any issues arising are being considered and audit recommendations for these assignments including assurance opinion ratings will be reported to Audit Committee in November 2019.

Creditors (Core Financial System)

- Authority limits established for invoice payments should be reviewed for appropriateness and Managers reminded as to their specific limits.
- Officers responsible for processing payments should ensure that for non-purchase order payments the PL3 forms are correctly authorised prior to processing/issuing payments, supported by appropriate independent scrutiny of all higher value payments.

Cash and Bank (Core Financial System)

- Segregation of duties should be consistently applied where officers are processing cash and reviewing daily control sheets.
- There is scope to review and refresh cash handling and banking procedures.
- There is a lack of procedural guidance around Cash book/ financial reconciliation exercises, to be addressed as part of the Finance procedure manual review (see Main Accounting Systems Audit).
- Independent review of financial reconciliation exercises should be consistently evidenced.

Development Control – Fieldwork has been completed and audit conclusions are being finalised for draft report stage.

Commercial Asset Acquisitions and Investments – A programme of risk and control evaluation, review of governance arrangements and compliance testing continues for this area and findings will be reported in due course.

Bed and Breakfast Accommodation - Internal Audit were made aware during 2018/19 of a number of operational issues and control weaknesses relating to the Rent Management system (Bed and Breakfast Accommodation element). In particular poor system integrity leading to a significant level of aged debts and financial losses. The audit is progressing.

Follow Up Audit Recommendations	Managers are requested to advise on the status of audit recommendations issued to assess implementation. This should encourage greater management ownership of control systems and risk mitigation. Previous recommendations are also followed up at every audit review (where applicable) and as part of the annual/ interim audit reports.
Assurance templates	Internal Audit have continued to encourage Managers representing the first line of defence in the overall assurance framework to provide assurance that controls in their functions/services are operating effectively. Where considered appropriate assurance templates have been populated highlighting key risks within the function and Managers asked to confirm that controls are operating as described. Whilst Internal Audit have facilitated this process, ownership of controls and effective risk management remains with Management.

Other work including corporate tasks

Statutory requirements / Audit Committee / External Audit	<ul style="list-style-type: none"> ❖ Reporting to Audit Committee three times a year (9 reports per year) includes Internal Audit activity ❖ Following up actions raised by Audit Committee members ❖ Input to Audit Committee Training provided by external trainer in July 2018 ❖ Internal Audit Planning Process for 2019/20 including consultation with Group Heads and Managers ❖ Annual Audit Opinion & input to Annual Governance Statement ❖ Liaison meetings with the new External Auditors (BDO) to discuss working approaches, audit findings and key timelines. Discussions held also as part of the Interim Audit of January 2019 ❖ Audit Planning including timings, allocations, scoping and prioritisation review ❖ Preparation of audit briefs, terms of reference and work programmes ❖ Supervision and guidance including quality review process for every audit review undertaken ❖ Finalising audit reports ❖ Responding to Senior Management requests to defer planned audit assignments / reduce scope
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Corporate Risk management	<p>The Internal Audit Manager continues to coordinate the Council's Corporate Risk Register which represents the Council's most significant risks and reports regularly to Audit Committee and Cabinet. Discussions around having a risk appetite statement for Spelthorne have commenced. There is recognition that formulating such a statement which will need to be led by the strategic management team, as well as establishing the broad categories for which it might be useful to highlight different risk appetites and subsequently identifying all the associated processes to meaningfully embed any agreed risk appetite will require significant time and resource to implement. The work on the new Investment Strategy has had input to this process as there is a requirement to articulate risk appetites for all investments.</p>
Corporate Counter Fraud	<ul style="list-style-type: none"> ❖ Collate and monitor 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 31.3.19 the cumulative return for Spelthorne (since the start of the Surrey Fraud Partnership in 2015), in terms of notional savings to the public purse equates to just under £2.5m, of which £482k represents cashable savings for Spelthorne. Spelthorne's overall return as at 31.3.19 is the third highest across the eight Surrey Partners who participate in the Surrey Counter Fraud Initiative. ❖ Spelthorne is procuring counter fraud resource/services from Reigate and Banstead to target areas which are likely to generate greater financial payback (business rates and housing) and a further growth bid has been secured from 2019/20. Collaborative working has produced positive outcomes particularly in Housing with enhanced verification checks for new Housing register and homelessness claims. Positive results were publicised to serve as a deterrent. Discussions have taken place regarding scope for greater focus on social housing fraud going forward and we wish to work closer with social housing providers to address this issue. There have also been wider benefits for Spelthorne's Housing team with opportunities to enhance learning and skills in this area, which has been positively embraced. Reigate are also assisting on Council Tax support investigations, given the DWP'S direction on joint working. ❖ Spelthorne participated in a County wide led exercise on Single Person Discount fraud, which generated £241k in terms of savings to the public purse with Spelthorne's share of this being approx. £26k. This prompted further work on smart referrals (cases of on-going fraud) which was managed by Reigate's Counter Fraud team. It is envisaged that such exercises will continue to be undertaken on an annual basis. ❖ External groups are attended with Surrey Partners including the Surrey Counter Fraud Board (SCFB). This enables the sharing of knowledge and best practice approaches in tackling housing fraud/business rate avoidance and evasion, as well as opportunities to participate in joint data sharing exercises in the fight against fraud. Officers are encouraged to attend relevant sub-groups such as the NNDR sub-group and Housing Tenancy forum.

	<ul style="list-style-type: none"> ❖ Internal Audit circulates details of frauds and scams identified nationally or locally to make staff aware of risks. ❖ All audit reviews consider fraud risks and incorporate into audit work programmes. However, it remains the responsibility of management to ensure they have systems in place to prevent and detect fraud. ❖ The Anti-Fraud, Bribery and Corruption Strategy was reviewed and refreshed in March 2019 by the Internal Audit Manager and reported to Audit Committee. Liaison with the Communications team took place to ensure the latest Confidential Reporting Code (Whistleblowing) poster is publicised in all satellite offices. ❖ The need to organise some refresher training/awareness raising sessions on Counter Fraud, Bribery and Corruption for all Officer and Members was identified, an agenda prepared and a suitable trainer is being considered, with a view to running mandatory sessions in the Autumn (2019). This session will also be a useful opportunity to continue to raise awareness around known risks and vulnerabilities relating to Serious and Organised Crime (further to the previous Police led session of November 2018 promoting the Governments strategy). ❖ Responding to Freedom of Information Request (Counter Fraud)
External Quality Assessment of Internal Audit	<p>In compliance with Public Sector Internal Audit Standards (PSIAS) this was undertaken through a reciprocal arrangement with two other Surrey authorities. As part of this process the respective Internal Audit Managers/Heads of Internal Audit have each completed a detailed PSIAS self-assessment document and collated associated evidence which was validated by peers. The findings and recommendations were shared with the Audit Committee in November 2018. Agreed actions are being pursued and areas of attention addressed during 2018/19 include:</p> <ol style="list-style-type: none"> 1. Corporate Risk Management – As the Internal Audit Manager continues to coordinate the Corporate Risk Register, the importance of safeguarding Internal Audit independence in reviewing Corporate Risk management arrangements has been highlighted to the Corporate Risk Management Group, Section 151 Officer and Chief Executive and discussions held regarding approaches. 2. Identification of ‘Audit Need’ and due consideration of resource requirements to deliver this was introduced as part of the Annual Audit Planning Process for 2019/20.
Audit Resource Planning	<p>Following the departure of the former Senior Auditor in May, an options paper for future resource was prepared and considered. A recruitment process took place to fill the vacant post and an appointment made which took effect from November 2018.</p>

	<p>Spelthorne have joined the Apex Framework for Internal Auditor Resource which provides a mechanism to procure Auditor days from the designated company as required. The Internal Audit Manager liaised closely with Legal and the Procurement Officer in considering this option which also provides access to both generalist and specialist skills such as ICT and Contract auditing. The Internal Audit Manager continues to work with the service provider to progress and oversee audit engagements and opportunities for contractor feedback and performance monitoring ensure continuous improvement.</p>
Audit advice to management & Liaison (responsive and pro-active work)	<ul style="list-style-type: none"> ❖ Attendance at working groups to offer advice where appropriate on risk and control implications, (Corporate Risk Management Group, Corporate Debt Group, ICT SIG, Information Security Review Group). ❖ Housing Benefits relating to a potential conflict of interest ❖ Property Development Unit – reviewed and advised on the specification for the new Property Management system ❖ New Homes Bonus – checks undertaken confirming accuracy ❖ Legal liaison over contracts involving the processing of personal data ❖ Assets (Letting of Contracts) – liaison with Runnymede Building Services regarding quality audit undertaken and advice to Spelthorne Assets team ❖ Elections – Data Sharing/access for fraud prevention purposes ❖ Human Resources – Transparency Code ❖ Guidance / clarity on format of management responses to audit recommendations ❖ Emergency Planning and Business Continuity Procurement ❖ Corporate Governance – sharing of money laundering risk assessment template (regulations 2017) and discussions around scope for refresher training ❖ Accountancy – bond records ❖ Root and Branch review for Accountancy and Section 106 agreements – advised on processes and shared Internal Audit reports from previous reviews undertaken ❖ Various MAT reports – governance, risk and control issues ❖ Confidential advice to some service areas/special investigatory work ❖ Neighbourhood Services regarding vehicle disposal procedures ❖ Following Internal Office moves advised on cash security arrangements ❖ Suspected money laundering activity referred to the Head of Corporate Governance ❖ Policy reviews such as Corporate Debt Recovery and Gifts and Hospitality

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2018 to March 2019)

Internal Investigations	<ol style="list-style-type: none"> 1. Investigation 1 – Financial losses from fraud amounted to approx. £3.5k and there is a possibility that the total losses exceeded this sum but cannot be substantiated from existing evidence available. A number of improvement measures outlined by Internal Audit aimed at strengthening controls have been taken forward. 2. Internal Audit have supported and advised on other special investigations during 2018/19, some of which are ongoing. Any financial losses identified will be reported in due course. Where appropriate improvement measures have been highlighted aimed at strengthening the control environment, thereby reducing future fraud, bribery and corruption risks.
Miscellaneous	<p>Various as summarised below:</p> <ul style="list-style-type: none"> ❖ Input to government led study into the risks around Procurement fraud, bribery and corruption ❖ Attendance at Corporate training sessions ❖ Continuous Professional Development, training and support including consideration of study options for the newly recruited Senior Auditor to undertake the Certified Internal Auditor (CIA) professional qualification ❖ Service Planning ❖ Performance Management ❖ General/team management (staff training/Inductions/ admin/GDPR/ Budget/Service Continuity Planning etc.) ❖ Liaison with Human Resources and Legal ❖ Project Lima (Office move) – three office moves took place during 2018/19 and included secure disposal of manual information to help reduce storage ❖ MAT feedback meetings with the Deputy Chief Executive ❖ Corporate staff meetings ❖ Support for charitable events