

# Audit Committee

07 November 2019



<b>Title</b>	Interim Audit Report		
<b>Purpose of the report</b>	To note		
<b>Report Author</b>	Punita Talwar, Internal Audit Manager		
<b>Cabinet Member</b>	Councillor Tony Harman	<b>Confidential</b>	No
<b>Corporate Priority</b>	Financial Sustainability		
<b>Recommendations</b>	<b>That the Committee notes the report.</b>		
<b>Reason for Recommendation</b>	<b>Not applicable</b>		

## 1. Key issues

- 1.1 *“Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”* (Definition of Internal Auditing - Public Sector Internal Audit Standards)
- 1.2 Appendix 1 summarises Internal Audit work undertaken in the period April to early October 2019, highlighting assurance opinions for reviews undertaken where appropriate. Audit reports were issued to Group Heads and relevant managers, as well as Management Team, and these included recommendations aimed at reducing risks and strengthening internal controls. Progress on implementation of previous audit recommendations issued (where sufficient time has elapsed to enable effective audit follow up) together with the direction of travel is provided.
- 1.3 In addition to planned assurance reviews, details of other work undertaken (including corporate tasks and Special Investigations) is outlined at Appendix 1. Some examples of how Internal Audit supports the organisation in achieving its objectives and adds value are set out below:
  - (a) Reactive and pro-active advice provided to services and corporate groups on various risk and control issues
  - (b) Coordination and reporting of counter fraud outcomes/initiatives

- (c) Investigating suspected fraud and irregularities or providing support to these processes, highlighting any lessons learnt with a view to strengthening the control environment
- (d) Supporting corporate governance arrangements
- (e) Corporate Risk Management – see separate report. Audit provides advice to Management Team, Corporate Risk Management Group (CRMG) and co-ordinates the Council's Corporate Risk Register representing the Council's most significant risks

## **2. Options analysis and proposal**

- 2.1 There are no options.
- 2.2 Implementation of audit recommendations will reduce risks for the authority and enhance the control environment which is acknowledged by the Council's Management Team.
- 2.3 Failure to undertake internal audit work to the required professional standards would lessen the Council's assurance that effective control systems are in place and could result in an increase in the Council's annual external audit fee.

## **3. Financial implications**

- 3.1 The Corporate fraud returns collated by the Internal Audit Manager demonstrate the significant cumulative financial returns/savings being achieved and performance up to 31.3.19 has previously been reported (Annual Audit Report of July 2019). From January 2015 to March 2019, notional savings to the public purse equate to almost £2.5m, of which £482k represents quantifiable cashable savings for Spelthorne. Returns for April to September 2019 are currently being collated, pending information from some Services.

## **4. Other considerations**

- 4.1 Implementation of audit recommendations will assist in the reduction of risks faced by the authority and improve control procedures.

## **5. Timetable for implementation**

- 5.1 Not applicable.

**Background papers: None**

**Appendices: Summary of Internal Audit work April – early October 2019**