

Audit Committee

26 November 2020



Title	Interim Internal Audit Report 2020/21
Purpose of the report	To note
Report Author	Victoria Statham, Group Head of Corporate Governance
Cabinet Member	Councillor Sati Buttar
Confidential	No
Corporate Priority	This item is not in the current list of Corporate Priorities
Recommendations	The Audit Committee is asked to: Note the Interim Internal Audit Report for 2020/21.
Reason for Recommendation	Not applicable

1. Key issues

- 1.1 Internal Audit is defined as “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.*” (Public Sector Internal Audit Standards)
- 1.2 The system of internal control is a significant part of the Governance Framework and is designed to manage risk to a reasonable level. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Spelthorne Borough Council’s objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- 1.3 Appendix 1 summarises Internal Audit reviews carried out between July 2020 and November 2020, highlighting assurance opinions where appropriate and agreed management actions to reduce risk and strengthen internal control. Internal Audit continues to monitor the implementation of these management actions.
- 1.4 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, corporate groups and Management Team on various risk and control issues. This continues during this COVID-19 Emergency response effort and as the authority moves into the recovery phase
- (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
- (d) Supporting corporate governance arrangements
- (e) Corporate Risk Management – 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.

1.5 The Internal Audit function has operated at 1.75 FTE during 2020. Despite redeployment and staff absence the audit work programme is on track. The services of Mazars have been used for a number of audits and there is a contract in place with Reigate and Banstead Borough Council to undertake the fraud investigation work.

1.6 Internal Audit's interim opinion on the Council's control environment for 2020/21 (prepared October 2020) is as follows:

The Council's internal control environment and systems of internal control in the areas audited demonstrated some good practices and were generally adequate. Where improvements have been identified management have agreed to address these and strengthen controls, or where appropriate to accept the associated risks of not doing so.

2. Options analysis and proposal

2.1 Implementation of audit recommendations will reduce risks for the authority and enhance the control environment which is acknowledged by the Council's Management Team.

2.2 Failure to undertake internal audit work to the required professional standards would lessen the Council's assurance that effective control systems are in place.

2.3 Therefore, it is recommended that this report is noted (preferred option).

3. Financial implications

3.1 None for the purpose of this report.

4. Other considerations

4.1 None for the purpose of this report.

5. Sustainability/Climate Change Implications

5.1 There are none for the purposes of this report.

6. Timetable for implementation

6.1 Not applicable.

Background papers: There are none.

Appendices:

Appendix 1 – Summary of Internal Audit work carried out between July 2020 and November 2020.