

Appendix A –Interim Audit Report. Work categories April to October 2023

Internal Audit Plan Area for 2023/24	Specific area & Accountable officer (s)	Assurance Opinion (Where Applicable)	Recommendations and/or advisory points raised	Status as at November 2023 (Agreed/ Implemented/Outstanding)*
Category 1. Assurance Assignments (Audits) *Please note that where audits have an ‘Open’ Status, this denotes outstanding recommendations. A ‘closed’ status is recorded if all agreed recommendations and advisory points are fully implemented.				
1.Audit Assignment Final audit report issued June 2023	Communications Head of Communications & Customer Experience	Substantial assurance	1 advisory point raised - scope for more formalised media awareness training or brief awareness sessions to be arranged that covers existing staff. It is acknowledged that induction sessions are held for new staff starters.	Open Audit. Agreed and partially implemented. Updating of style guide on SpelNet has been completed, a simplified handbook is underway with sessions planned for early 2024, and a new Communications section to assist staff has been published on SpelNet which incorporates a media protocol.
2.Audit Assignment Final audit report issued July 2023	Housing Benefit Overpayments Group Head Community Wellbeing and	Reasonable Assurance	1 advisory point raised - Whilst the Housing Benefit Overpayment policy was still considered fit for purpose, a refresh of the policy is timely as it was last undertaken in 2019, with periodical review going forward.	Closed Audit. Agreed and implemented in October 2023.

Appendix A –Interim Audit Report. Work categories April to October 2023

	Housing Benefits Manager		<i>Residual Risk area:</i> Significant cumulative overpayment debt of £3m+ continues and remains an inherent risk to the service area and the Council due to the statutory limitations on how much Housing Benefit Overpayment (HBO) can be recovered given the challenges of dealing with families earning a low income. It is recognised that a bad debt provision is in place to cover most of this sum.	The residual risk area is recognised by the service area, and the bad debt provision is periodically reviewed by Finance in relation to outstanding debt levels.
3.Audit Assignment Final audit report issued August 2023	Climate Change and Environmental Sustainability Group Head Commissioning and Transformation	Reasonable Assurance	1 advisory point was raised recognising continued importance for relevant teams to liaise in advance of decision-making processes, including when acquiring residential properties, to ascertain climate change and sustainability implications. This is with a view to supporting robust integration measures into wider Council decision making and holistic approaches in delivering Spelthorne’s Climate Change strategy. The review confirmed all prior recommendations raised in the audit of 2021 had been implemented. There were no recommendations raised as part of the 2023/24 audit.	Open Audit. Agreed and currently being implemented.

Appendix A –Interim Audit Report. Work categories April to October 2023

<p>4.Audit Assignment Final audit report issued September 2023</p>	<p>Treasury Management Chief Accountant</p>	<p>Reasonable Assurance</p>	<p>Recommendation 1. Treasury Management Policy Statement to be reviewed and updated and made available for public inspection.</p> <p>Advisory Point 1 – Establishing a second assigned officer trained up on Cashbook reconciliations would provide increased team resilience where officers are on leave or absent.</p> <p>Advisory Point 2 - A refresh of Treasury Management Practices 5 is timely to ensure that the dealing arrangements accurately reflect the current position in practice.</p>	<p>Closed Audit.</p> <p>Recommendation 1. Implemented. The policy statement has been revised and will be appended to the Treasury Management Strategy being reported to CPRC in January 2024 for approval. Inclusion on the Council’s website may follow this stage.</p> <p>Advisory Point 1 – current and future arrangements for the Cash Book reconciliation have been advised. No further response is required.</p> <p>Advisory Point 2 – Implemented.</p>
<p>5.Audit Assignment Draft audit report issued September 2023</p>	<p>Gifts and Hospitality</p>	<p>Reasonable Assurance</p>	<p>Recommendations relate to: Recommendation 1a - Periodical review of the Gifts and Hospitality Policy to ensure it remains current and relevant. Recommendation 1b – In promoting</p>	<p>Open Audit. Recommendations have been agreed to take forward in managing risk. Group Head of Corporate Governance is raising</p>

Appendix A –Interim Audit Report. Work categories April to October 2023

	<p>Group Head Corporate Governance</p>		<p>understanding of the Gifts and Hospitality policy requirements and underpinning principles, to deliver awareness raising sessions on a biennial basis or other frequency deemed appropriate.</p> <p>Recommendation 2 - All instances of Gifts and Hospitality offered should be promptly submitted and recorded in the collated Gifts and Hospitality Register which is publicised for completeness and transparency purposes. There may be scope for a completeness check to be undertaken at periodical intervals.</p> <p>Recommendation 3a - Greater use of the electronic form (rather than manual entry) for submissions of gifts and hospitality offered.</p> <p>Recommendation 3b - Establishing an integrated authorisation and challenge process ahead of gifts and hospitality being accepted, which would provide the Monitoring Officer with an opportunity to review the declaration made ensuring that any issues with the suitability of the Gift and / or Hospitality offered, could be discussed.</p>	<p>awareness of the Policy at the November staff meeting (15.11.23) and will be issuing reminders to Members and staff in progressing some of the other recommendations. Liaison will take place with the IT team in developing the online form for authorisation intervention stage.</p> <p>Target dates for implementation of all recommendations are being provided. Further to this the final audit report will be issued.</p>
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Appendix A –Interim Audit Report. Work categories April to October 2023

			<p>timely submissions of instances of gifts and hospitality offered, and establishing a more robust process to account for donated items.</p> <p>Recommendation 3c. The Monitoring Officer could be assigned the role of reviewing and authorising Gifts and Hospitality declarations raised by Officers and Members, with the Chief Executive maintaining some higher-level oversight as considered necessary.</p> <p>Recommendation 4 - Establishing a more robust internal control process to capture and account for donated items to the Mayors Charity</p>	
6.Audit Assignment	IT Audit – Disaster Recovery	Not concluded	<p>Scheduled for Quarter 3.</p> <p>Terms of Reference produced and discussed, and fieldwork commenced from October.</p>	N/A
7.Audit Assignment	Housing Register & Allocation Process	Not concluded	<p>Audit deferred from Quarter 1 to Quarter 3 due to new system transition within Housing service in advance of reregistration process. Terms of Reference produced and discussed.</p>	N/A
8.Audit Assignments x 3	Completion, finalisation and oversight of prioritised	See subsequent rows below	<p>Internal Audit have completed fieldwork, testing, risk and control analysis, meetings, and held several discussions around findings, observations and improvement actions. We</p>	<p>Open Audits.</p> <p>See below three rows.</p>

Appendix A –Interim Audit Report. Work categories April to October 2023

	assignments from 2022/23	for further details	look forward to receiving completed management responses to audit recommendations to enable report finalisation across two audit assignment areas (from draft to final report stage).	
8i Audit Assignment Final audit report issued September 2023	Creditors Chief Accountant	Reasonable Assurance	<p>Recommendation 1. To implement an effective control that includes an additional check of the various payment methods to ascertain whether a potential duplicate payment has occurred.</p> <p>Recommendation 2. Measures have been proposed and discussed with a view to reducing the risk of duplicate payments in some scenarios and will require coordinated efforts across Budget Managers, Service Accountants and Finance. Full details are referred to in the audit report.</p> <p>Recommendation 3. Management should endorse the importance of reconvening the National Fraud Initiative (NFI) data matching exercise which incorporates Creditors data as this represents an important internal control process and advocates counter fraud measures.</p>	<p>Open Audit.</p> <p>All recommendations have been agreed to take forward in managing risk.</p> <p>A deputy Officer for the Chief Accountant will be providing status updates for the recommendations.</p> <p>Recommendation 1 –Agreed to address risk by adapting CHAPS form, target date 30.9.23.</p> <p>Recommendation 2. A management action plan has been outlined , target implementation 30.9.23.</p> <p>Recommendation 3 – commenced and target date for completion November 2023.</p>

Appendix A –Interim Audit Report. Work categories April to October 2023

			<p>Recommendation 4. Management to undertake periodical data cleansing and housekeeping exercises of the supplier database (Creditors dataset) to reduce risks of duplicate payments and strengthen controls in this area. Such exercises would also present a better picture of the scale of suppliers in use across the authority. The groups of duplicate suppliers identified during the audit review should help to inform this exercise.</p> <p>Recommendation 5. Duplicate Payment record keeping arrangements should be enhanced to ensure the consistent accuracy and reliability of the data held within the spreadsheet. Management should consider enhancing the effectiveness of recovering Duplicate Payments by promptly transferring cases to the Sales Ledger team.</p>	<p>Recommendation 4. Agreed to undertake annually and target date of June 2024 for first exercise due to other team priorities and restructure.</p> <p>Recommendation 5. Agreed for implementation as a regular ongoing process. Target date 30.9.23.</p>
<p>8ii. Audit Assignment</p> <p>Draft audit report issued July 2023</p> <p>Revised draft report August 2023</p>	<p>Cross cutting review of Planning and Property Development</p> <p>Group Head Corporate Governance/Group</p>	<p>Reasonable Assurance</p>	<p>Recommendation 1. Councillors to be periodically reminded of where/when appropriate Declaration of Interest is required to be submitted in line with the Code of Conduct. In addition, Officers (Committee Service) should ensure this is consistently included on the relevant agenda(s) to serve as a prompt to Members.</p>	<p>Open Audit.</p> <p>The recommendations (governance related) are agreed by the Group Head Corporate Governance to take forward, with a target implementation date of December 2023.</p>

Appendix A –Interim Audit Report. Work categories April to October 2023

	Head Assets/ Group Head Place, Protection and Prosperity		<p>Recommendation 2. All officers present/in attendance as part of the Development Sub–Committee or Planning Committee should be documented as part of the meeting minutes to ensure transparency and demonstrate professional representation. In addition, the relative voting split relating to the various developments should be recorded as part of the meeting minutes for completeness.</p> <p>Advisory Point- Under the Committee structure there is not a specific requirement to have a separate overview and scrutiny function (unlike under a Cabinet model) and due to the significant scale of Council business this may not be deemed practical. Nonetheless, the new administration provides a timely opportunity to review the adequacy of the level of embedded scrutiny operating within the Committees (prior internal audit review of the Committee system in April 2022 already highlights this issue and a recommendation was raised at that time).</p>	Group Head Corporate Governance to sign off report. Further to this the final report can be issued.
8iii. Audit Assignment Draft report issued July 2023	Corporate Procurement	Reasonable Assurance	Whilst an appropriate framework is in place (and has been strengthened since the prior internal audit) , the requirements need to be re-enforced to all Procuring Officers to ensure	Open Audit The Procurement Manager has produced an action plan

Appendix A –Interim Audit Report. Work categories April to October 2023

	<p>Group Head Corporate Governance & Procurement Manager</p>		<p>adherence to Contract Standing Orders. Compliance monitoring processes across a range of areas also need to be strengthened and embedded to enable prompt identification of issues or trends arising. Contract management processes across various stages of the cycle including the Contracts Register also require enhancements. Internal audit recommendations are set out below.</p> <ol style="list-style-type: none"> 1. Standardised processes to be established to capture all relevant approvals in line with Contract Standing Order requirements. 2. A distinct Procurement landing page to be developed on Spelnet to ensure that all relevant procurement policies and guidance is easily accessible. 3. Advertising requirements to be re-enforced to all Procuring Officers to ensure that all procurement exercises are carried out in accordance with Contract Standing Orders. 4. Action to be taken to ensure that contracts are signed prior to the start date of the contract. Processes should also be reviewed to establish appropriate mitigating measures to ensure that the Council’s interests are adequately protected in the event that it is not 	<p>to take forward the audit recommendations. Group Head Corporate Governance to sign off report. Further to this the final audit report can be issued.</p> <ol style="list-style-type: none"> 1. Agreed to implement. Target November 2023. 2. Implemented. 3. The Procurement manager is proposing a change be made to Contract Standing orders (CSO’S) regarding advertising requirements. This will be taken forward as part of the current review of CSO’S. 4. Partially addressed during September/October with
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Appendix A –Interim Audit Report. Work categories April to October 2023

			<p>possible for the contract to be signed prior to the start date (for example ensuring that suppliers are operating subject to standard or enhanced Purchase Order terms, depending on the nature of the contract).</p> <p>5.Contract signing requirements to be re-enforced to all relevant officers to ensure that enhanced limitation period protection is put in place for contracts above £100,000 in line with Contract Standing Orders and Constitution requirements.</p> <p>6.Contract Standing Order requirements to be re-enforced to Procuring Officers to ensure that all requirements are adhered to by third party consultants, with appropriate supporting evidence to be provided by the consultant and retained on the contract file.</p> <p>7.The Evaluation Matrix document to be signed off in all cases, with details of the Evaluation Panel recorded on the document.</p> <p>8.(Prior audit recommendation re-issued) Compliance monitoring processes to be developed and embedded, including: a) 6 monthly compliance reviews of spend against the Contract Standing Orders.</p>	<p>some further actions underway in liaison with other Service areas.</p> <p>5. Action to take this forward has been completed in October 2023.</p> <p>6. Partially addressed through training sessions delivered, with some further actions underway in liaison with other Service areas.</p> <p>7. Action to take this forward has been completed.</p> <p>8a.Agreed to implement. Target December 2023</p> <p>8b.Implemented.</p> <p>8c.Agreed to implement. Target 30th November 2023.</p>
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Appendix A –Interim Audit Report. Work categories April to October 2023

			<p>b) Review of Purchase Orders over £20,000 to manage non-compliant spend.</p> <p>c) Implement an annual planned schedule of contract management audits, in line with the Contract Standing Orders requirements.</p> <p>9a.The Managing Contracts procedure to be reviewed to incorporate how monitoring outcomes should be recorded.</p> <p>(b)A process to be put in place to facilitate central oversight of key contracts, with monitoring outcomes recorded centrally.</p> <p>(c)Implement contract review alerts on the new contract management system for all contracts that are due to expire, with responsibilities clearly outlined for overseeing contract forward planning.</p> <p>10. Exemptions procedure to be re-enforced to all relevant officers to ensure that all waivers are appropriately logged and reported, to enable greater transparency and allow for appropriate scrutiny of the decision making process.</p> <p>11.Roles and responsibilities and associated processes for populating the Contracts Register to be reviewed/updated and re-iterated to</p>	<p>9a.Completed.</p> <p>9b.Agreed to implement. Target 30th November 2023.</p> <p>9c.Agreed to implement. Target 24th October 2023</p> <p>10. Partially addressed with some further actions underway in liaison with other Service areas. Target 31st October 2023.</p> <p>11. Agreed to implement. Target 31 December 2023.</p>
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Appendix A –Interim Audit Report. Work categories April to October 2023

			<p>Procuring Officers to ensure that all relevant contractual agreements are captured in line with Transparency Code requirements.</p> <p>12.Current Contracts Register data to be reviewed to ensure that all relevant information is captured in accordance with the Transparency Code, and to ensure that the Contracts Register contains up to date information. Furthermore, robust mechanisms continue to be developed to ensure that the Contracts Register remains fit for purpose.</p>	<p>12. Agreed to implement. Target by 30th November 2023.</p>
Internal Audit Plan Area for 2023/24	Category 2 - Audit Follow Up Drive			
9.Audit Follow Up Drive Position Statement issued July 2023.	<p>Follow up of status of audit recommendations for 2021/22 and 2022/23 to assess implementation.</p>	<p>Work undertaken in Quarter 1 & 2 as scheduled.</p> <p>The recommendations followed up span across several service areas. The follow up drive concluded that the implementation rate of recommendations could be improved, and this message has been reiterated.</p> <p>Status of recommendations and advisory points raised across more recent audits relating to work activity that coincides with this latest reporting period (eight audit assurance assignments) is referred to above.</p>		
Internal Audit Plan Area for 2023/24	Category 3 – Audit Committee (PSIAS)			
10.Statutory Reporting and Audit Committee	<p>Several processes undertaken and reports produced during the year</p>	<p>Audit Committee cycle for 2023/24 - July, November, January and March. Chair Briefings (Audit Committee and CPRC) and Committee meetings.</p>		

Appendix A –Interim Audit Report. Work categories April to October 2023

	in accordance with the Audit Committee Work Programme	<p>Requirements for the July 2023 meeting delivered:</p> <ul style="list-style-type: none"> • Annual Audit Report, Key Themes document and Audit opinion for 2022/23 • Input to Annual Governance Statement • Revision to audit assurance opinions • Training session for the Audit Committee, liaison with external trainer and input to training material <p>Requirements for the November 2023 meeting delivered:</p> <ul style="list-style-type: none"> • Internal Audit Plan reprioritisation 2023/24 and status • Interim Audit Report of work activity and assurance provision April to October 2023
Internal Audit Plan Area for 2023/24	Category 4 – External Quality Assessment (PSIAS)	
11.Continuous Improvement	Periodic External Quality Assessment for Internal Audit Services forms an essential requirement under the Global Internal Audit Professional Practice Framework (IPPF) and Public Sector Internal Audit Standards (PSIAS)	Reciprocal arrangement to be undertaken with two other Surrey authorities during November to December to assess conformance with the Public Sector Internal Audit Standards (PSIAS) and any improvement actions will be subsequently reported to the Audit Committee. As part of the External Quality Assessment process, a substantial self-assessment documentation is required which has been completed to ascertain compliance across a significant number of categories, and supporting evidence collated for validation/review. Communications with peers continue.
Internal Audit Plan Area for 2023/24	Category 5- Corporate Roles and Responsibilities – Corporate Risk Management	

Appendix A –Interim Audit Report. Work categories April to October 2023

12. Corporate Risk Management	Corporate Risk Register	Identification, analysis, monitoring and reporting on strategic risk management continues. The Corporate Risk Register represents the Council’s most significant strategic risks, with updating, reporting and presentation of the register to Management team, Audit Committee and CPRC three times a year. The Corporate Risk Management Group has representation from Group Heads and Managers across the authority and provides an opportunity to discuss emerging and evolving risks and issues.
13. Corporate Risk Management (Additional Work Area)	New Risk Management System	Work on phase 1 in collaboration with the ICT team continues . It includes several stages of activity (scoping/planning/requirements/design and build/data input/testing etc) in progressing the development of an in-house central system for corporate risk management to support future input, analysis, collation and reporting. A presentation was delivered to the Audit Committee in July on progress made providing insight into work underway in improving and modernising the visuals, design, presentational and reporting aspects of the Corporate Risk Register. Reinforcing risk management principles and good practice such as risk ownership will continue, and the changes provide a further opportunity to promote and embed these.
Internal Audit Plan Area for 2023/24	Category 6- Corporate Roles and Responsibilities – Corporate Counter Fraud	
14. Corporate Counter Fraud	Public authorities have a duty to support fraud preventative measures as well as deterrence, detection and investigation of fraud to minimise financial losses from being incurred and to ensure scarce public resources are not	The Council’s Counter Fraud Strategy forms part of the Council’s Constitution. High level oversight, coordination and monitoring of counter fraud outcomes and initiatives for tackling high risk public fraud through continued collaborative working with the Service Provider, other internal services, and wider partners. Quantified fraud reporting of outcomes continues. This is based on central government methodology and estimated financial losses if the fraud

Appendix A –Interim Audit Report. Work categories April to October 2023

	<p>wasted or diverted from residents/customers who need the service.</p>	<p>occurrence were to continue and remain undetected. The NFI (Cabinet Office) presents applicable financial savings to the public purse across each of the high-risk public fraud categories.</p> <p>The Internal Audit Manager previously reported on returns and savings delivered through reducing losses from fraud and error across high-risk public fraud categories for 2022/23 in the annual audit report of July 2023. Spelthorne’s overall fraud losses /savings achieved for the latest period April to September 2023 (Quarters 1 & 2) amount to approx. £250k (rounded), of which £105k are reported as cashable with approx. £81k of this being reimbursed to the Council directly from prosecutions undertaken. Discussions are underway to ascertain scope for prosecution on a different additional case.</p> <p>Promoted counter fraud strategy measures, targeting areas where the authority would benefit from utilising counter fraud specialist support to investigate suspected fraud which could potentially derive positive outcomes. Meetings with the Group Head Commissioning and Transformation and the Customer Services team have concluded that going forward a focus on small business rate relief would be relevant as this represents a high-risk fraud area. The Customer Services team are participating in a Countywide SPD exercise for Council Tax and are awaiting results with a view to seeking maximum returns where claimants are found not to be eligible for the 25% SPD discount applied.</p> <p>The Data Matching Exercise is progressing well to target social housing fraud and the Strategic Lead for Housing is leading on the project. The Registered Service Provider has engaged well to enable effective progression. Potential</p>
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Appendix A –Interim Audit Report. Work categories April to October 2023

		<p>matches have been identified and are being investigated with higher risk cases being prioritised.</p> <p>Counter Fraud messages have been developed further for the wider public to promote continued awareness and facilitate reporting.</p>
Internal Audit Plan Area for 2023/24	Category 7 – Audit Support, advice and insight	
15.Audit Support, advisory work and insight	<p>There is a growing expectation from Internal Audit professional practice bodies for Internal Audit to provide professional advice to the business (not decision making) during a climate of accelerating risk and challenge. This goes beyond core audit assurance work.</p>	<p>Reactive and pro-active support, advice and insight has been provided to services, corporate groups and management team on a wide range of risk, control and governance issues. Input has been provided to the ‘risk considerations sections’ within Committee reports spanning a range of service areas which has required identification of risk and controls relating to the subject area.</p> <p>Attendance at Working Groups to gain insight into risks and issues, and in an advisory capacity such as Corporate Risk Management Group, Procurement Board and the Corporate Debt Group.</p>
Internal Audit Plan Area for 2023/24	Category 8 – Service Management including Contract Management	
<p>Planning, scoping and direction across a diverse work programme relating to audit, risk and assurance. Monitoring progress and delivery of expected outcomes, ongoing coordination of work activities, liaison across service areas, finalisation and completion of several work areas.</p> <p>Audit plan scheduling and reprioritisation as required.</p> <p>Continuous Performance Management and 1-1’s</p> <p>Dotted reporting Lines liaison and reporting; Chair of Audit Committee liaison; Independent Member of Audit Committee liaison</p>		

Appendix A –Interim Audit Report. Work categories April to October 2023

<p>Undertaken procurement exercise to support delivery of the 2023/24 audit work programme. Client contractor meetings and Auditor liaison to promote smooth delivery and support contract management.</p> <p>Internal Audit templates and procedural manual refreshed and updated to ensure they remain current.</p> <p>Managers Briefings monthly meetings; Marketplace Event for new Councillors</p> <p>Managing ad hoc service requests</p>	
Internal Audit Plan Area for 2023/24	Category 9 – All other tasks in supporting service delivery (examples only)
<p>Corporate Processes – such as production of Service Plans; Health and Safety; Budget Management ; GDPR (Surrey Heartlands).</p> <p>Continuous Professional Development to keep abreast of technical developments including revised mandatory Professional Internal Audit Standards scheduled undergone consultation phase, to be launched by the Chartered Institute of Internal Auditors (CIIA) in early spring 2024 with an expected implementation timeframe across the Internal Audit profession by 2025.</p> <p>Corporate Training</p> <p>Share Point transition and Housekeeping</p>	