

Internal Audit and Counter Fraud Quarter 1 Progress Report 2023/24

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1. Summary of Completed Audits

'Single View of a Child' Programme Support (SVoaC)

- 1.1 The SVoaC programme commenced in 2020 with the aim to fundamentally improve the way in which the Children, Families and Lifelong Learning directorate manages education services for children. The programme includes the implementation of two Liquidlogic products: Early Years & Education System (EYES); and Liquidlogic Integrated Finance Technology (LIFT).
- 1.2 In addition to the support and advice to management since the start of the programme, this most recent piece of work considered the progress made in implementing due phases of EYES and of LIFT. The specific scope of our work was to provide assurance that controls were in place to meet the following key objectives:
- EYES and LIFT had gone live within expected timeframes and to budget;
 - Working practices had been improved through robust staff engagement; and
 - Lessons-learned had been considered to inform the next phase of the programme.
- 1.3 Our findings identified a number of areas of weakness in the current arrangements that has limited the level of assurance given. These included:
- The performance of the contractor has been inconsistent in addressing system issues, with queries outstanding and timescales and priorities often conflicting with those of the Council;
 - The contractor's decision to pause system development and focus on stability had the potential to hamper progress, especially as preparations start to implement EYES for Early Years, Home to School Travel Assistance, and Admissions;
 - Unresolved systems issues are creating inefficient working practices and are reducing staff confidence; and
 - There were ongoing issues in resolving the interface between LIFT and MySurrey.
- 1.4 Our audit did note positive areas of good practice, especially around the replacement of previously manual-spreadsheet processes, better financial reporting, and robust training and guidance for staff in using the new systems.
- 1.5 Overall we gave an opinion of **Partial Assurance**. We agreed four actions with management, of which one was of high priority, two of medium priority, and one low priority to address the identified weaknesses. We will undertake a follow-up audit in this area in due course to ensure the expected improvements have been implemented.

River Thames Scheme

- 1.6 In October 2019, Cabinet approved investment of £270m to deliver the objectives of Surrey's Flood Risk Management Strategy. This included £237m over 10 years to 2029/30, towards the River Thames Scheme (RTS). This major infrastructure project

plans to reduce the risk of flooding from the River Thames in parts of Surrey and south-west London, delivered in partnership with the Environment Agency. Governance arrangements for delivery of the RTS have been developed, underpinned by a legally binding Collaboration Agreement.

- 1.7 The purpose of our audit was to provide assurance that controls were in place to meet the following objectives:
- The Collaboration Agreement fully considers all aspects of joint working;
 - Robust governance arrangements had been established and embedded;
 - Efficient working practices were supported by strong administrative arrangements;
 - There were continuous improvement processes, including milestone plans and stage checks; and
 - Appropriate monitoring and reporting mechanisms were in place to ensure decisions were based on complete and accurate information.
- 1.8 We identified a number of areas where good governance arrangements have been established:
- The Collaboration Agreement defined all expected elements of the partnership such as governance structure, responsibilities of each party and board, funding profile, and clauses regarding liability, disputes, and termination;
 - Roles and responsibilities had been clearly defined and communicated; and
 - The arrangements had established clear remits and a decision-making hierarchy between Strategic Delivery Board, Senior Client Group, and Delivery Board.
- 1.9 We identified that although there are appropriate mechanisms in place to collate and report on financial and risk information, there were weaknesses in the administration of these areas, with manual processes creating an inefficient use of resources and potential errors. As such, we agreed improvements with management to address this.
- 1.10 Overall we were able to conclude our review with an opinion of **Reasonable Assurance**. We agreed five actions with management, which included one high priority action in relation to necessary improvements to the project risk register and in financial reporting.

Cyber Security

- 1.11 Cyber-attacks on the Council's IT systems are a threat to the security of data and could have an adverse impact on service delivery. Cyber security refers to the measures in place to combat these threats and is defined as the protection of information systems, the data on them and the services they provide from unauthorised access, harm or misuse.
- 1.12 The objective of our audit was to provide assurance that controls are in place around cyber security, and that these are operating as expected, specifically that:

- Measures are in place to minimise the likelihood and impact of incidents;
- Potential incidents are detected, logged, and monitored;
- User access to the Council's network and systems is appropriately controlled;
- Officers are aware of their role to support the Council in managing cyber security threats; and
- Continuity arrangements are in place to respond to incidents effectively.

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1.13 We concluded that the control environment in place was as expected and operating effectively, and that appropriate arrangements are in place over the recording and review of potential cyber security incidents.

1.14 Overall we formed a final opinion of **Reasonable Assurance**, agreeing one medium priority action with management relating to updating the IT Business Continuity Plan against recommendations from the National Cyber Security Centre.

Mental Health Service

1.15 The Section 75 agreement between Surrey and Borders Partnership (SABP) NHS Foundation Trust and the Council to deliver mental health services to residents came to an end in November 2019, when approximately 1,400 cases and over 200 members of staff moved from SABP to the Council. Since then, mental health services have been re-structured into a specialist social care service within Adult Social Care (ASC).

1.16 The primary objective of our audit, agreed with management as part of our 2022/23 plan, was to seek assurance that in-house mental health services were supported by appropriate governance and staffing arrangements. Specifically, we undertook to provide assurance that controls were in place to meet the following control objectives:

- There were robust governance arrangements supporting decision-making;
- Management review ensured that professional training requirements were met; and
- There were appropriate mechanisms in place to monitor performance and outcomes.

1.17 Our findings demonstrated that strong governance arrangements were in place and underpinned robust decision-making. We identified that professional registrations were in place and up to date for a sample of staff. However, recording of staff training needs within the service was inconsistent and we highlighted a number of instances where team staffing levels were not proportionate to caseloads, thus adversely impacting on the timeliness of assessments and delivery of services.

1.18 Overall, we were able to give an opinion of **Reasonable Assurance**, with two medium priority actions agreed with management to address the issues identified.

Corporate Governance

- 1.19 The Council is required to produce an Annual Governance Statement (AGS), which sets out the governance structure of the Council and its key internal controls. There is also a Code of Corporate Governance, which details the process for the annual review of governance. As part of that review, governance custodians complete Custodian Assurance Statements (CAS), the purpose of which is to provide assurance to the Governance Panel that key policies are subject to annual oversight and, where necessary, being updated and refreshed.
- 1.20 To support the preparation of the AGS and to provide assurance over the robustness of the CAS process, our audit reviewed awareness and understanding of four key governance policies via a sample of officers drawn from different grades and directorates. We also undertook a comparison of the Council's Code of Governance against that of other local authorities to see if enhancements could be identified.
- 1.21 The four key policies sampled in our audit were:
- Officer Code of Conduct
 - Financial Regulations
 - Whistleblowing
 - Recruitment of Interim Staff
- 1.22 Our findings broadly showed that policies were known, clear, and understood by officers. Of the four, Whistleblowing and Recruitment of Interim Staff were less well understood, and we agreed actions with management to help address this finding. Additional actions were agreed to address the length/complexity of some of the policy wording, and the need to identify a named policy owner for each of them.
- 1.23 In respect of the comparison of the Council's Code of Conduct we found the content to be similar, with no other authorities having additional key policies which the Council would benefit from being added to its own Code.
- 1.24 Overall we concluded that an overall opinion of **Reasonable Assurance** was appropriate, with four actions (two of medium priority, two of low priority) being agreed with management to address the findings above.

Surrey Pension Fund Governance Arrangements

- 1.25 On a national level the Local Government Pension Scheme (LGPS) Scheme Advisory Board appointed Hymans Robertson to examine the effectiveness of current LGPS governance models, and to consider alternatives or enhancements which could strengthen governance going forward. Known as the 'Good Governance Project' the

latest report was published in February 2021 detailing a number of areas where national practices could be improved.

- 1.26 Using this review as context, and as part of our work to support the Pension Turnaround Programme, we were asked by management as part of our 2022/23 annual plan to provide assurance that:
- The Fund acts in compliance with the requirements of the LGPS Regulations;
 - Management monitor the effectiveness of governance arrangements and take action where standards fall below those expected; and
 - Management undertake regular horizon-scanning exercises identifying opportunities for improvement afforded by the likes of the 'Good Governance Project.'
- 1.27 Key findings from our review were that:
- The Pension Team were able to demonstrate compliance with LGPS Regulations in respect of both governance arrangements of, and protocols for, the operation of the Surrey Pension Board and Surrey Pension Fund Committee;
 - The Pension Team had embraced the opportunities for implementing best practice as detailed in the 'Good Governance' report, demonstrating a willingness to horizon-scan and work towards best practice opportunities; and
 - Opportunities were taken during a recent restructure to add the posts of a designated LGPS Senior Officer (a single named officer who is responsible for the delivery of all LGPS-related activity for that fund) and that of a new Governance Manager.
- 1.28 Our review did identify some weaknesses in training arrangements where not all of the members of the Surrey Local Pension Board or Surrey Pension Fund Committee had completed all of the mandatory training, albeit various members had completed different aspects of the required training.
- 1.29 Our final opinion was of **Reasonable Assurance**, with two medium priority actions being agreed to address the findings above.

Pension Fund Investments

- 1.30 The Council is the designated statutory administering authority for the Surrey Pension Fund, which annually collects circa £194m in contributions from members and their employers and makes pension payments annually of circa £171m to scheme members. The Fund is a member of the Border to Coast Pensions Partnership, consisting of eleven Local Government Pension Scheme (LGPS) Funds, which manages pool assets of approximately £38.3bn.
- 1.31 Our audit reviewed the arrangements in place for the appropriate administration, management, and control of Pension Fund investments and specifically sought to provide assurance that the following objectives were met:

- Monitoring arrangements over the Fund and Fund Managers were sufficiently robust;
- There was a statement of objectives with measurable targets and KPI's; and
- There was a robust investment strategy, and strategic decisions were implemented correctly and in a timely manner.

1.32 Our review identified that the expected controls were in place and operating effectively. The Fund had a robust and up to date investment strategy, risk register and governance arrangements, and performance indicators were reported to members and management.

1.33 Our review did identify that the Fund's business plan needed to be updated to fully reflect the current objectives. We also noted that the processes for reconciliation of custodian reports to the ledger was being redesigned, with no reconciliation of the Fund being completed at the time of our audit. We agreed actions with management to address these issues.

1.34 Overall, we concluded our audit with a final opinion of **Reasonable Assurance**.

Connect2Surrey Joint Venture

1.35 Connect2Surrey is a joint venture between the Council and Commercial Services Kent Limited (CSKL), a subsidiary of Kent County Council. The joint venture was entered into to improve the way temporary and interim recruitment is delivered, replacing the contract previously delivered by Adecco.

1.36 Our audit, part of the agreed audit plan for 2022/23, sought to provide assurance over how effectively it was working and specific control objectives included:

- There was a contract in place so that compliance with arrangements could be determined and the expected benefits realised and measured;
- Appropriate governance arrangements were in place, including defined roles and responsibilities;
- Both contract management and reporting arrangements were robust; and
- Officers from across the Council were aware of, and used, the new arrangement.

1.37 Our audit identified that the control environment in place was robust, and controls were operating as expected. In particular:

- Governance arrangements, including designated roles and responsibilities, were clearly defined within a Joint Accountability Statement;
- Regular contract monitoring information, including key performance information, is available and a monthly Board meeting is held to discuss or challenge it; and
- Performance is subject to scrutiny through the Shareholder Investment Panel and then the Strategic Investment Board.

- 1.38 We identified that further promotion of the joint venture within the Council would be beneficial, but was in hand through the planned introduction of a SharePoint page to relaunch and promote the service.
- 1.39 Overall we concluded our review with an opinion of **Substantial Assurance**, with no actions being identified.

Planon Application Audit

- 1.40 Planon is a corporate system to manage the Council's property and estate functions. At the time of our review most modules had been successfully implemented, with modules around Acquisitions, Disposals and Valuations due to be added by summer of 2023.
- 1.41 Our audit reviewed the effectiveness of the application controls within Planon, together with system governance and management of interfaces. We identified that:
- Access controls were robust, governed via the 'Single Sign-On' procedure;
 - System access and permissions were clearly defined and administered;
 - Controls were in place as expected around new starters, leavers, user permissions and making amendments to the system;
 - Adequate controls existed for the administration and approval of orders, and were consistent with Financial Regulations;
 - There was a comprehensive suite of management reports in place; and
 - A review of the business continuity plan assured us that adequate provision has been put in place for a failure of the Planon system.
- 1.42 We concluded our audit with an opinion of **Substantial Assurance**, with no actions for management being identified.

Local Government Pension Scheme Performance (follow-up audit)

- 1.43 An audit of performance management practices within the Surrey Pension Fund was completed in August 2022 and concluded an audit opinion of Partial Assurance. In line with our follow-up protocol, and as part of our planned work for 2023/24, we undertook a follow-up review of the agreed actions from this audit, which related to:
- Data integrity;
 - Calculation of service performance metrics;
 - Performance of the administrative function; and
 - Inclusion of response timeframes in scheme member correspondence.
- 1.44 The service has been able to improve their data integrity through finding the root cause of an issue identified in our original audit that had led to opening and closing values for each month's performance metrics having variances between them. Since finding and correcting this error, more accurate performance figures have been reported to the Surrey Local Pension Board.

- 1.45 Additionally, the service has changed the approach to calculating and reporting KPI's in reports and now transparently identifies how much case backlog there is. This allows the Board to have adequate and consistent oversight of outstanding administrative tasks.
- 1.46 At the time of our audit the service had not fully completed the agreed low priority action to include response timeframes within members' correspondence. However, we were satisfied that the plan to implement this action would soon be completed.
- 1.47 Following our follow-up audit we were pleased to be able to raise the level of assurance from the previous Partial Assurance opinion to one of **Substantial Assurance**.

Accounts Receivable

- 1.48 Accounts Receivable is a key financial system that ensures the proper management and control of sundry debtors, including the recovery and write-off (where applicable) of outstanding amounts due.
- 1.49 Our last audit had an assurance rating of Substantial Assurance. Considering this, together with the demands on the service during the latter stages of implementing MySurrey, we focused our audit on a high-level review to examine changes to existing legacy processes within the SAP control environment, with limited testing in areas that remain unchanged.
- 1.50 Our assessment of activity within keys areas of control provided us with assurance that the control environment remained fundamentally unchanged, thus supporting a light-touch audit approach. We also identified that:
- There was adequate staffing coverage despite the demands of the MySurrey implementation, providing assurance that performance was not adversely affected;
 - A review of the processes for raising of debts and administration of customer accounts found no significant changes over control within these areas;
 - Review of a current debt report provided assurance that the dunning process was operating as expected; and
 - A review of a sample of control accounts provided assurance that they were being managed and reviewed as expected.
- 1.51 Based upon our findings within the legacy SAP system, we were able to provide an opinion of **Substantial Assurance** with no actions arising.

Accounts Payable

- 1.52 Accounts Payable covers the end-to-end process from the purchasing of services to the payment of the supplier. The Accounts Payable team is responsible for the processing of such payments using, at the time of our review, the legacy SAP system.
- 1.53 Similarly to the Accounts Receivable audit reported above, our last review of this system concluded Substantial Assurance. Again, in considering this, together with the demands on the service during the latter stages of implementing MySurrey, we focused our audit on a high-level review to review changes to existing legacy processes and the control environment within SAP, with limited testing in areas that remain unchanged.
- 1.54 We were able to confirm the control environment remained unchanged and concluded a high-level assurance from testing of the following key processes:
- Raising and payment of invoices for goods and services;
 - Creation and management of vendors;
 - Controls within the payment process; and
 - Management of relevant general ledger suspense accounts.
- 1.55 We noted that the authorisation process for payments had been amended since our previous review, with any payments exceeding £100K now only requiring approval from just one senior officer. This change was consistent with the current Scheme of Delegation and testing in this area provided us with assurance that the revised process was operating as expected.
- 1.56 We also tested two further changes within the control environment and concluded both controls were operating as expected:
- An amendment to the modification of vendor bank account details added a further layer of control to guard against the risk of mandate fraud; and
 - The review of control accounts, which are now managed on a risk-basis rather than over a set time-period for review.
- 1.57 Based upon our findings within the legacy SAP system, we were able to provide an opinion of **Substantial Assurance** with no actions arising.

Other Audit Activity

Support to the Digital Business & Insights (DB&I) Programme

- 1.58 We have continued to support the programme up to and since the go-live of MySurrey through the provision of advice around risk and governance to the Programme Board.
- 1.59 It was agreed with the Board that due to critical points being reached in the timeline of the programme as go-live approached, we would not undertake a detailed review of the

control environment as had previously been planned. This was because it could potentially cause resourcing problems within the programme at this critical juncture.

- 1.60 We have agreed with the Board that we will undertake a thorough review of the control environment in and around MySurrey as soon as possible. During the hyper-care period immediately after go-live we remain in close contact with both Programme Management and Sponsor offering advice and additional support as appropriate.

Surrey Pension Fund Banking Controls (interim follow-up audit)

- 1.61 An audit of the banking control arrangements for Surrey Pension Fund was completed in March 2022, giving an audit opinion of Minimal Assurance. In line with our follow-up protocol, we started a follow-up review in quarter four of 2022/23.
- 1.62 The timing of this review was in part predicated by the original go-live date for MySurrey, upon which a number of high priority agreed actions from the original audit were based. With the go-live being delayed when fieldwork commenced, not all of the previously agreed actions could be fully implemented.
- 1.63 However, we were able to complete an interim audit of those areas in which improvements could be validated and were pleased to note that since our previous review the service had:
- Invoiced, and collected, outstanding Compensatory Added Years (CAY) liabilities of £14.6m dating back to November 2014;
 - Recharged scheme employers for legal and actuarial costs of circa £1m dating back to financial year 2017/18;
 - Processed payments due to a Fund Manager of circa £525k dating back to 2017; and
 - Taken over responsibility for the management of Fund suspense accounts.
- 1.64 We will continue to monitor implementation against the remainder of agreed actions from our original report and will complete this follow-up review once MySurrey has been embedded. At this time, therefore, our interim findings have been reported to management but without an overall opinion being given.

Statutory Maternity Pay Error

- 1.65 We assisted management with advice around control and governance matters when it was identified that coding errors during an old SAP patching exercise had inadvertently led to a net total of £2.1m being underpaid to His Majesty's Revenue & Customs (HMRC) in relation to Statutory Maternity Pay (SMP) National Insurance Contributions.
- 1.66 The purpose of our involvement was to provide advice, challenge and support as a fix was put in place, and to identify potential lessons-learned to ensure that any similar

future issues could be effectively identified and resolved in a timely manner. We concluded our review with a briefing note to management that did not provide an overall opinion but gave a summary of findings to help address weaknesses we identified.

Pendell Camp Paperwork

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- 1.67 A proposal was taken to Cabinet in June 2021 for approval of capital programme funding of £1.2m for the provision of a further ten 'transit' pitches and associated facilities at the Pendell Gypsy, Roma and Traveller (GRT) site at Pendell Camp, near Merstham.
 - 1.68 The four current occupants of the site are tenants of the Council. However, it was identified in April 2023 that tenancy documentation relating to these four pitches had been lost during a move of documentation and records from their Mayford location.
 - 1.69 We were asked to investigate the loss of the paperwork and to determine what the possible consequences of this might be in context of the Council's wider plans for the site. A report was provided to management in this respect in June 2023.

Reporting to Surrey Local Pension Board

- 1.70 During the quarter we reported a summary of our completed work relating to Local Government Pension Fund audits to the May meeting of the Surrey Local Pension Board. This reports, which provides Members with a summary of audit findings in a similar format to those reported to this Committee, are part of the scrutiny process over the Surrey Pension Fund. We will continue to update the Board as the year progresses.

School Audits

- 1.71 We continue to provide assurance over individual school control environments and to improve our level of engagement with key stakeholders through liaison meetings.
- 1.72 We have a standard audit programme for all school audits, designed to provide assurance over key aspects within the control environment, including:
 - Governance structures ensure there is independent oversight and challenge by the Governing Body;
 - Decision-making is transparent, well documented and free from bias;
 - The school is able to operate within its budget through effective financial planning;
 - Unauthorised people do not have access to pupils, systems or the site;
 - Staff are paid in accordance with the schools pay policy;
 - All unofficial funds are held securely and used in appropriately;
 - Expenditure is controlled and funds used for an educational purpose; and
 - Security arrangements keep data and assets secure.

- 1.73 At the time of writing, school audits continue to be carried out through a combination of remote working and physical visits.
- 1.74 A total of three school audits were delivered in quarter one, and the table below shows a summary of the final level of assurance reported to each of them:

Name of School	Audit Opinion
Ash Grange Nursery & Primary School (Ash)	Partial Assurance
St Nicholas School (Shepperton)	Partial Assurance
Ongar Place School (Addlestone)	Reasonable Assurance

- 1.75 We aim to undertake follow-up audits at all schools with Minimal and most schools with Partial Assurance opinions. Arrangements will be made in respect of the schools so identified above.
- 1.76 Where common themes arise across a number of schools, these areas are flagged for subsequent inclusion in School Bulletins so that all schools can be advised of potential areas of weakness and of potential improvements to their control environments. A selection of common themes identified to the end of this completed quarter has included:
 - Governors and staff should be encouraged to declare any relevant interests;
 - Reports on ring-fenced funding (e.g. Pupil Premium) should be published per Department for Education guidance;
 - The location and use of purchasing cards was often contrary to the issuing bank’s terms and conditions;
 - Purchase orders were not being raised for every order made with suppliers; and
 - Evidence of Public Liability Insurance should be in place for visiting contractors.

Grant Claim Certification

- 1.77 During quarter one, we successfully certified and returned six grant claims in accordance with Central Government and/or European Union auditing requirements:
 - Contain Outbreak Management Fund – £5,851,825
 - Housing Upgrade Grant (HUG1) – £1,788,329
 - Multiply – £1,439,777
 - Supporting Families (first claim of 23/24) – £346,400
 - Digitourism (EU) – €37,833 (approximately £32,557)
 - IMAGINE (EU) – €11,142 (approximately £9,588)

2. Counter Fraud and Investigation Activities

Counter Fraud Activities

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- 2.1 We have been liaising with the relevant services to provide advice and support in processing the matches received as part of the National Fraud Initiative. The team continue to monitor intel alerts and share information with relevant services when appropriate.
 - 2.2 Advice was provided to the Blue Badge Team in a number of cases which resulted in decisions to cancel a blue badge and reject an application.

Summary of Completed Investigations

Employee Overpayment

- 2.3 We carried out a joint investigation with management following the identification of an overpayment of a payroll allowance to an employee. The allowance related to additional work responsibilities, which the employee had continued to receive after their entitlement had ended. An investigation report was issued to support a disciplinary process, following which a control report was issued agreeing actions to prevent future recurrence.

Alleged Conflict Of Interest

- 2.4 A complaint was received alleging improper financial relationships between a staff member and certain care providers. We undertook an investigation and provided management with advice. No evidence was found to justify the complaint.

Conflict of Interest in School

- 2.5 Findings during a routine school audit prompted a more detailed investigation into circumstances surrounding the procurement of a high-value fencing contract due to an apparent conflict of interest involving one of the school staff. A briefing note was issued and actions were agreed with the school following the issuing of the school audit report, though no disciplinary action was warranted.

Expense Claims

- 2.6 Following proactive work analysing expense claims across the Council we identified a number of anomalies for further investigation. One such case identified that receipts

could not be provided to support out of pocket expenses claimed as part of routine working practices. An investigation report summarising our findings was issued to management although the employee left the Council ahead of any further action.

Whistleblowing

- 2.7 We carried out a review of concerns raised by a member of the public regarding streetlighting works, reported through the Council’s whistleblowing process. Following our review, we concluded there was no basis to the concerns raised and the case was closed with no further action necessary.

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3. Action Tracking

- 3.1 As part of our quarterly progress reports to Audit and Governance Committee we seek written confirmation from services that all high priority actions due for implementation are complete. Where follow-up audits are undertaken, we reassess the progress of all agreed actions (low, medium and high priority). Periodically we may also carry out random sample checks against all priorities of actions.
- 3.2 At the end of the first quarter of 2023/24 a total of 96.8% of high priority actions due had been fully implemented (or rescheduled dates for their implementation had been agreed).
- 3.3 The one outstanding high priority action was in relation to our audit of Children’s Services Panels, reported to this Committee in March 2023. The specific action concerned improvements to the way that panel outcomes were recorded against the child’s record in LCS. Although the agreed implementation date was in fact met, we had been unable to obtain evidence to demonstrate this by the end of the quarter. We have now confirmed that appropriate action has indeed been taken, and the action is no longer outstanding.

4. Amendments to the Annual Audit Plan

- 4.1 In accordance with proper professional practice, the Internal Audit plan for the year is kept under regular review to ensure that the service continues to focus its resources in the highest priority areas based on an assessment of risk. After discussions with management, the reviews below were added to the original audit plan during this quarter:

Additional Audit	Rationale for Addition
A3 Electric Vehicle (EV) Grant Funding Programme	The Council is engaged in a new project to disburse Government funding to companies/organisations using a key stretch of the A3 in Surrey to encourage the move to electric vehicles for their commercial fleet. We have been asked to support the project with advice around risk,

	governance and appropriate systems of control for grant awards.
Section 106 Funding	Section 106 of the Town and Country Planning Act 1990 outlines obligations to ensure developers provide funding to mitigate the impact of developments through enhancing community and social infrastructure. We have been asked to review the current processes and control environment around residual unspent balances of S106 funding held by the Council.
Pendell Camp Paperwork	A request from the Chief Executive to further understand the loss of key paperwork linked to the Pendell Gypsy, Roma and Traveller (GRT) Camp in Merstham. This audit was concluded within the quarter, and is summarised in Section 1 of this report.
Selecta Catering Contract	We were asked by management to undertake a lessons-learned review of the process through which the catering contract for Woodhatch was let following concerns raised in respect of price and quality.
External Funding (Grant Allocation in ETI)	A request from management to review the processes through which the ETI Directorate distribute grants to third parties. This has been added to the plan in quarter one though is unlikely to start until later in the year.

- 4.2 All of the new additions to the plan have been resourced through a combination of available contingencies and time recouped from reprioritised audit work, including (where appropriate) cancelled audits.
- 4.3 There have been no audits removed from the plan in this quarter.
- 4.4 We will continue to keep the resources available under review as the year progresses as current vacancies within the overall service structure may negatively impact on available days to deliver planned audits.

5. Internal Audit Performance

- 5.1 In addition to the annual assessment of internal audit effectiveness against Public Sector Internal Audit Standards (PSIAS), the performance of the service is monitored on an ongoing basis against a set of agreed key performance indicators as set out in the following table:

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
Quality	Annual Audit Plan agreed by Audit Committee	By end April 2023	G	Approved by Audit Committee on 8 March 2023
	Annual Audit Report and Opinion	By end July 2023	G	2022/23 Annual Report and Opinion approved by Committee on 12 July 2023
	Customer Satisfaction Levels	90% satisfied	G	100% satisfaction for surveys received in the period
Productivity and Process Efficiency	Audit Plan – completion to draft report stage	Annual: 90% Q1 end: 22.5%	G	At Q1 we have achieved delivery of 34.3% of the annual plan to draft report stage (pro-rata target 22.5%).
Compliance with Professional Standards	Public Sector Internal Audit Standards	Conforms	G	<p>Dec 2022 - External Quality Assurance completed by the Chartered Institute of Internal Auditors (IIA). Orbis Internal Audit assessed as achieving the highest level of conformance available against professional standards with no areas of non-compliance identified, and therefore no formal recommendations for improvement arising. In summary the service was assessed as:</p> <ul style="list-style-type: none"> • Excellent in: Reflection of the Standards Focus on performance, risk and adding value • Good in: Operating with efficiency Quality Assurance and Improvement Programme • Satisfactory in: Coordinating and maximising assurance

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
	Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act	Conforms	G	No evidence of non-compliance identified
Outcome and degree of influence	Implementation of management actions agreed in response to audit findings	95% for high priority agreed actions	G	96.8% (see Section 3 above)
Our staff	Professionally Qualified/Accredited	80%	G	88% ¹

¹ Includes staff who are part-qualified and those in professional training

Audit Opinions and Definitions

Opinion	Definition
Substantial Assurance	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Reasonable Assurance	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Partial Assurance	There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.
Minimal Assurance	Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.

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