

**Surrey Heath Borough Council**  
**Audit Standards and Risk**  
**March 2024**

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**Internal Audit Recommendations Update**

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<b>Wards Affected:</b>	n/a

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**Summary and purpose**

To provide Members with an update on Internal Audit recommendations

**Recommendation**

The Committee is advised to RESOLVE that

- (i) the status of Internal Audit Recommendations be noted
- (ii) focus be given to the 4 overdue recommendations

**1. Background and Supporting Information**

1.1 The Council's Internal Audit service recommends areas for improvement following audit reviews of Council systems and activities by raising audit recommendations.

1.2 Each audit recommendation is classified into one of three classifications:

- **Essential** – normally requires immediate attention to address substantial weaknesses; exposes the Council to areas of high risk; risk of Council business objectives not being met; could result in significant financial loss; non-compliance with statutory guidance/legislation; possibilities of fraud
- **Desirable** - contributes to maintaining an effective control environment and ensures policies and procedures are met; helps to ensure Council Key Priorities and Values continue to be met; areas of medium risk; short to medium term implementation
- **Best Practice** – demonstrates best practice from across the industry and other public sector bodies; helps to improve overall control and efficiency; assists

management to deliver services; medium to longer term implementation; areas of lowest risk.

- 1.3 Audit recommendations are monitored by the Audit team on a regular basis in order to check progress is being made. Service departments are instructed to provide updates on the status of their assigned recommendations every few months.
- 1.4 An update on audit recommendations raised over a rolling 18 month period is reported to the senior management team and to Members at Audit Standards and Risk meetings.
- 1.5 The process of monitoring, escalating and reporting Internal Audit recommendations is laid down in the Council's Audit Charter and Audit Manual.
- 1.6 The actual number of audit recommendations raised and reported is dependent on the key findings from each audit assignment.

## **2. Reasons for Recommendation**

- 2.1 Audit recommendations are reported to the senior management team and to Members periodically in accordance with the Audit Charter. Members have previously expressed a desire to be provided with an audit recommendations update, so this report fulfils this committee decision.

## **3. Proposal and Alternative Options**

- 3.1 All audit recommendations raised within a rolling 18 month period are included in this update report, as well as any older recommendation that remains outstanding. Audits with no recommendations have not been logged on the spreadsheet, as there are no monitoring requirements.
- 3.2 All overdue recommendations have been followed up with Service Managers who have been asked to provide updates on all of their overdue audit recommendations.
- 3.3 As at March 2024 a total of four recommendations remain overdue:
  - 1 for the Information Governance audit
  - 1 for the Debtors audit
  - 2 for the Insurance audit
- 3.4 There are no essential recommendations overdue, as the 4 actions overdue are all desirable.

## **4. Contribution to the Council's Five Year Strategy**

- 4.1 Internal audit recommendations contribute to the Five Year Strategy by helping to identify weaknesses in control and governance, and by recommending continuous improvements in service delivery. Audit recommendations also help to ensure compliance with law and regulations.

## **5. Resource Implications**

- 5.1 Any follow up work required by service departments to implement audit recommendations highlighted in this report.

## **6. Section 151 Officer Comments:**

- 6.1 Any audit recommendation that is not implemented increases the risk to the Council, as well as exposing the authority to weaknesses in control and governance.

## **7. Legal and Governance Issues**

- 7.1 Internal Audit recommendations contribute to legal and governance issues by ensuring compliance with the law and regulations, as well as highlighting significant governance issues and suggesting areas for improvement.

## **8. Monitoring Officer Comments:**

- 8.1 Covered above

## **9. Other Considerations and Impacts**

### **Environment and Climate Change**

- 9.1 No significant issues

### **Equalities and Human Rights**

- 9.2 No significant issues

### **Risk Management**

- 9.3 Internal Audit recommendations support the Council's corporate risk management framework by identifying weaknesses in control and governance, and suggesting mitigating actions to reduce or alleviate those risks. Any significant risks identified by Audit may be subject to discussion at the Council's risk management group, and if necessary, added to the Corporate Risk Register.

## **Community Engagement**

9.4 No significant issues

## **Annexes**

Audit Recommendations Spreadsheet March 2024

## **Background Papers**

Nil