



Internal Audit Report

Treasury Management

Management Report

For information to Surrey Police & Crime
Commissioner

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Prepared for: Surrey County Council

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1. Summary

The following bullet point summary is an extract of the main report on Treasury Management produced by Orbis Internal Audit and was issued on the 17th May 2019. Please note that our original audit report was used to provide Surrey County Council only with assurance regarding the controls around the treasury management function, and therefore does not provide specific assurance regarding the controls of the PCC's fund.

- Treasury Management is defined as the management of the organisation's cash flows, banking, money market and capital market transactions and the effective management of the risks associated with those activities.
- At 1 January 2019 the Treasury Management activities at Surrey County Council have transferred across to a 'Centre of Expertise' within the wider Orbis Partnership. The audit undertaken reviewed the Surrey County Council Treasury function prior to its transfer to a new operating structure in order to give assurance about the control environment operating for the majority of the 2018/19 financial year.
- The Surrey County Council Treasury management scheme manages cash on behalf of the Surrey Police & Crime Commissioner. The balance of this fund as at 31st March 2019 was reported at £13.7m. These funds are accounted for as short term borrowing within the Treasury Management accounts. Please note that neither transactions nor balances associated with these funds were included in our audit.
- As a key financial system of the county council Orbis Internal Audit undertakes an annual audit of this function. The scope of the 2018/19 audit provided assurance that adequate controls were in place in the following areas: Treasury Management & Investment Strategy, borrowings, investments, maintenance of key control accounts, administrators and officers have sufficient knowledge to undertake their role.
- Following the conclusion of our work, the final audit opinion given for Treasury Management was of **Reasonable Assurance**, which is defined: "Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives". It is the second highest available opinion of the four in use by Orbis Internal Audit. It was determined by a review of key control documents and testing of transactions on key processes. The approach undertaken for testing of transactions in key areas did not distinguish between sources of funds.
- The main findings of the audit included two medium priority actions agreed by management in the areas of control account reconciliations, and investment control accounts.
- The audit report will be reported to the Audit and Governance Committee as part of monthly quarterly progress reporting.