

Notice of Meeting

Audit & Governance Committee



Date & time
Thursday, 28 May
2015
at **10.00 am**

Place
Ashcombe Suite,
County Hall, Kingston
upon Thames, Surrey
KT1 2DN

Contact
Cheryl Hardman
Room 122, County Hall
Tel 020 8541 9075

Chief Executive
David McNulty

cherylh@surreycc.gov.uk

If you would like a copy of this agenda or the attached papers in another format, eg large print or braille, or another language please either call 020 8541 9122, write to Democratic Services, Room 122, County Hall, Penrhyn Road, Kingston upon Thames, Surrey KT1 2DN, Minicom 020 8541 8914, fax 020 8541 9009, or email cherylh@surreycc.gov.uk.

This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Cheryl Hardman on 020 8541 9075.

Members

Mr Stuart Selleck (Chairman), Mr Denis Fuller (Vice-Chairman), Mr W D Barker OBE, Mr Will Forster, Mr Tim Hall and Mr Saj Hussain

Ex Officio:

Mr David Hodge (Leader of the Council), Mr Peter Martin (Deputy Leader), Mrs Sally Ann B Marks (Vice Chairman of the County Council) and Mr Nick Skellett CBE

AGENDA

1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

2 MINUTES OF THE PREVIOUS MEETING: 9 APRIL 2015

(Pages 1
- 18)

To agree the minutes as a true record of the meeting.

3 DECLARATIONS OF INTEREST

To receive any declarations of disclosable pecuniary interests from Members in respect of any item to be considered at the meeting.

Notes:

- In line with the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012, declarations may relate to the interest of the member, or the member's spouse or civil partner, or a person with whom the member is living as husband or wife, or a person with whom the member is living as if they were civil partners and the member is aware they have the interest.
- Members need only disclose interests not currently listed on the Register of Disclosable Pecuniary Interests.
- Members must notify the Monitoring Officer of any interests disclosed at the meeting so they may be added to the Register.
- Members are reminded that they must not participate in any item where they have a disclosable pecuniary interest.

4 QUESTIONS AND PETITIONS

To receive any questions or petitions.

Notes:

1. The deadline for Member's questions is 12.00pm four working days before the meeting (*21 May 2015*).
2. The deadline for public questions is seven days before the meeting (*21 May 2015*).
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

5 RECOMMENDATIONS TRACKER

(Pages
19 - 36)

To review the Committee's recommendations tracker.

6 WHISTLE BLOWING UPDATE

(Pages
37 - 44)

This report provides Audit and Governance Committee with an update on whistle blowing activity, the results of a staff survey about whistle blowing and seeks Committee's comments and agreements on the actions and plans to continue to promote and develop the service.

7 OVERVIEW OF IMT PROJECTS

(Pages
45 - 82)

This report aims to provide the Audit and Governance Committee with an overview of the large projects that IMT have to deliver during 2015 and to consider the adequacy of the control systems and governance in place.

- 8 COMPLETED INTERNAL AUDIT REPORTS** (Pages 83 - 96)
- The purpose of this report is to inform Members of the Internal Audit reports that have been completed since the last meeting of this Committee in April 2015.
- 9 INTERNAL AUDIT ANNUAL REPORT 2014/15** (Pages 97 - 150)
- This report summarises the work of Internal Audit for the period 1 April 2014 to 31 March 2015, identifying the main themes arising from the audit reviews and the implications for the County Council.
- 10 FULL-YEAR SUMMARY OF INTERNAL AUDIT IRREGULARITY INVESTIGATIONS AND COUNTER FRAUD MEASURES: APRIL 2014 - MARCH 2015** (Pages 151 - 170)
- The purpose of this report is to inform members of the Audit and Governance Committee about irregularity investigations and proactive counter fraud work undertaken by Internal Audit between 1 April 2014 and 31 March 2015. This report complements and builds upon the half-year irregularity report presented to Audit and Governance Committee on 1 December 2014.
- 11 RISK MANAGEMENT ANNUAL REPORT** (Pages 171 - 198)
- This annual risk management report enables the committee to meet its responsibilities for monitoring the development and operation of the council's risk management arrangements. It also presents the latest Leadership Risk Register.
- 12 CODE OF CORPORATE GOVERNANCE** (Pages 199 - 216)
- The purpose of this report is to provide the Committee with an update on the changes made to the Code of Corporate Governance.
- 13 ANNUAL GOVERNANCE STATEMENT** (Pages 217 - 230)
- This report presents the Annual Governance Statement, which summarises the council's governance arrangements for the financial year ending 31 March 2015.
- The council is required to undertake an annual review of governance and prepare an Annual Governance Statement under the Accounts and Audit Regulations 2011.
- 14 DATE OF NEXT MEETING**
- The next meeting of Audit & Governance Committee will be on 27 July 2015.

David McNulty
Chief Executive
 Published: 19 May 2015

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Thank you for your co-operation

MINUTES of the meeting of the **AUDIT & GOVERNANCE COMMITTEE** held at 10.00 am on 9 April 2015 at Ashcombe Suite, County Hall, Kingston upon Thames, Surrey KT1 2DN.

These minutes are subject to confirmation by the Committee at its next meeting.

Elected Members:

Mr Nick Harrison (Chairman)
Mr W D Barker OBE (Vice-Chairman)
Mr Denis Fuller
Mr Tim Evans
Mr Stephen Cooksey
Mr Richard Wilson

Apologies:

Mr Will Forster, Substituted by Mr Stephen Cooksey
Mr Tim Hall, Substituted by Mr Richard Wilson

In Attendance

Cath Edwards, Risk & Governance Manager
Cheryl Hardman, Regulatory Committee Manager
Kevin Kilburn, Deputy Chief Finance Officer (Section 151 Officer representative)
Sue Lewry-Jones, Chief Internal Auditor

15/15 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Tim Hall and Will Forster. Richard Wilson was substituting for Tim Hall and Stephen Cooksey was substituting for Will Forster but had been delayed in arriving.

Sheila Little, the Section 151 Officer had also sent her apologies but Kevin Kilburn was present as her representative.

The Chairman confirmed that Item 16 'Whistleblowing Update' had been deferred to a future meeting as the officer had been called away to an urgent meeting.

16/15 MINUTES OF THE PREVIOUS MEETING: 16 FEBRUARY 2015 [Item 2]

The Minutes were approved as an accurate record of the meeting.

17/15 DECLARATIONS OF INTEREST [Item 3]

There were no declarations of interest.

18/15 QUESTIONS AND PETITIONS [Item 4]

There were none.

19/15 RECOMMENDATIONS TRACKER [Item 5]**Declarations of interest:**

None.

Witnesses:

Mel Few, Cabinet Member for Adult Social Care
Kevin Kilburn, Deputy Chief Finance Officer

Key points raised during the discussion:

1. In relation to R3/14 (Annual Governance Statement), the Chairman requested that when the committee considers the Annual Governance Statement at its next meeting, it will review progress made against the previous year's recommendations.
2. In relation to A49/14 (Teachers' Pension Return), the Deputy Chief Finance Officer confirmed that there had been no progress although he had continued to try to obtain a response from the Teachers' Pensions Agency.

Stephen Cooksey joined the meeting at 10.07am.

3. In relation to A1/15 (Adult Social Care budget monitoring), the Deputy Chief Finance Officer informed the committee that Adult Social Care Select Committee would be reviewing the current monitoring position on 10 April 2015. The report could then be circulated to the committee along with a copy of the relevant Minute.

4. In relation to A2/15 (Adult Social Care budget), the Cabinet Member for Adult Social Care provided an update on the budget and savings required from Adult Social Care. While there were challenges, he was fairly confident that savings would be achieved. He expressed regret at the tone of a memorandum circulated by Mr Tim Hall regarding the financial challenge to Adult Social Care and asked that this be noted. In response to questions, the Deputy Chief Finance Officer confirmed that there was a budget for the Care Act in the Medium Term Financial Plan. The Cabinet Member for Adult Social Care also confirmed that recruitment and retention was one of the directorate's biggest issues.
5. In relation to A6/15 (Financial Assessments and Benefits audit), the Cabinet Member expressed concern about the Provider Portal audit. The Chief Internal Auditor explained that the audit had resulted in a position statement as implementation had slipped. The statement was factually accurate and recognised the need to integrate new requirements resulting from the Care Act.

At this point, it was agreed to bring forward Item 14 "Social Care Debt Audit – Management Action Plan: Progress Update" as the Cabinet Member for Adult Social Care would need to leave shortly.

20/15 SOCIAL CARE DEBT AUDIT - MANAGEMENT ACTION PLAN: PROGRESS UPDATE [Item 14]

Declarations of interest:

None.

Witnesses:

Mel Few, Cabinet Member for Adult Social Care
Neill Moore, Senior Principal Accountant

Key points raised during the discussion:

1. The Senior Principal Accountant introduced the report which addressed a number of issues raised by the committee.
2. Members felt that an impressive amount of work had been undertaken to address any problems and understood that some people were in difficult situations which made payment for social care a challenge.
3. The Senior Principal Accountant assured Members that Adult Social Care Select Committee considers regular reports on social care debt.
4. The Chairman suggested that compulsory use of direct debit should not be ruled out in situations where payments were late and overdue and also called for better analysis to understand who can and cannot pay their debt. Members also suggested that the use of direct debit may support mental health as it removes an uncertainty for service users.
5. The Cabinet Member for Adult Social Care highlighted the separation between social worker assessment of need and the financial assessment. There was still a need to close this gap as it contributed to delays but it was a difficult issue to address.

Actions/Further information to be provided:

None.

RESOLVED:

That the Committee NOTED progress against the audit Management Action Plan.

Committee next steps:

None.

The committee then resumed consideration of Item 5 "Recommendations Tracker".

Actions/Further information to be provided:

None.

RESOLVED:

That the Committee NOTES the report.

Committee next steps:

None.

21/15 DISPENSATION [Item 6]**Declarations of interest:**

None.

Witnesses:

Sarah Baker, Deputy Monitoring Officer

Key points raised during the discussion:

1. The Chairman introduced the item and highlighted the legal and locally agreed criteria which the committee is required to take account of in consideration of this application for a dispensation. He also recited some advice he had received from the Monitoring Officer:

"... a query has been raised with me about whether granting a dispensation confers any sort of 'blessing on the enterprise for which the Member is seeking the dispensation. I am sure that you are aware that it does not, it simply enables the Member to participate in business from which they would otherwise be prohibited, because of the pecuniary interest they have. The outcome of that business is not decided by the dispensation".
2. The Deputy Monitoring Officer highlighted that in this case the Member would not be making a decision but simply making a proposal and the decision would be taken by the Community Partnership and Committee Officer.
3. The committee agreed that the application met the criteria listed by the Member in his application letter.

Actions/Further information to be provided:

None.

RESOLVED:

- i. That the committee APPROVES the dispensation to allow Mr Graham Ellwood to make proposals for the use of cluster funding or funding from his Member's Allocation for the benefit of George Abbott School.
- ii. This dispensation would apply until the end of the current term of the councillor (May 2017).

Committee next steps:

None.

22/15 EXTERNAL AUDIT: AUDIT PLAN FOR SURREY COUNTY COUNCIL (YEAR ENDED 31 MARCH 2015) [Item 7]

Declarations of interest:

None.

Witnesses:

Thomas Ball, Manager, Grant Thornton
 Andy Mack, Director, Grant Thornton

Key points raised during the discussion:

1. The Grant Thornton Director introduced the report and apologised for the inclusion of housing benefit within the audit plan as this was not a county function.
2. The Chairman expressed satisfaction that the external auditors would be reviewing the benefits and savings achieved through the establishment of SE Business Services Ltd and Surrey Choices Ltd. The Grant Thornton Director explained that this would focus on whether objectives have been achieved.
3. The Grant Thornton Director explained that the valuation of assets was a significant figure in the accounts and so external audit was required to look at it.
4. Officers discussed the current position with regard to accounting for schools and the progress being made with regard to valuations.
5. The Grant Thornton Director informed the committee that SE Business Services Ltd and Surrey Choices Ltd would require separate audits and that fees were yet to be finalised. The timescale for completion of these audits was December and the letters of engagement and fees would be shared with the committee before work is started.
6. The Grant Thornton Director informed the committee that materiality was being reduced from 2% to 1.8%.

Actions/Further information to be provided:

Grant Thornton to provide a briefing note on Changes to the CIPFA Code of Practice with regards financial reporting (**Recommendations tracker ref: A11/15**).

RESOLVED:

That the Committee APPROVES the Audit Plan for Surrey County Council (Year Ended 31 March 2015).

Committee next steps:

None.

23/15 EXTERNAL AUDIT: AUDIT PLAN FOR SURREY PENSION FUND (YEAR ENDED 31 MARCH 2015) [Item 8]

Declarations of interest:

None.

Witnesses:

Thomas Ball, Manager, Grant Thornton

Andy Mack, Director, Grant Thornton

Key points raised during the discussion:

1. The Grant Thornton Director introduced the report and explained that pensions was a specialist technical area. The specialist team would attend the meeting in July 2015 to present the audit findings.
2. In response to a query about 'level 3 investments', the Manager, Grant Thornton explained that 'level 1' investments were publicly quoted, 'level 3' investments were unquoted and not publicly traded assets, while 'level 2' investments were everything else. Level 3 investments were more difficult to accurately value and so were a more significant risk for misstatement in the accounts.

Actions/Further information to be provided:

None.

RESOLVED:

That the Committee APPROVES the Audit Plan for Surrey Pension Fund (Year Ended 31 March 2015).

Committee next steps:

None.

24/15 S.E. BUSINESS SERVICES LTD 2013/14 ACCOUNTS [Item 9]

Declarations of interest:

None.

Witnesses:

Kevin Kilburn, Deputy Chief Finance Officer

Key points raised during the discussion:

1. The Deputy Chief Finance Officer introduced the report, informing the committee that the accounts for SE Business Service Ltd was the outcome of the first year (nine months) of trading. He explained that a Shareholder Board, led by the Leader and Deputy Leader of the Council was ultimately accountable for the company.
2. The Chairman expressed surprise that the Chief Fire Officer was not a director although the company had expanded into the provision of some fire services during the year. He also felt that it would be a useful control for a finance officer to be a director of the company and he would make this recommendation to the Leader and Chief Finance Officer (**Recommendations Tracker ref A12/15**). The Deputy Chief Finance Officer confirmed that the provision of fire services was only introduced to the company at the end of the period and that the Chief of Staff was now a director. The Chairman pointed out that the

directors listed should be those in position at time of signing the accounts rather than being a list of those in position over the previous year.

3. The Deputy Chief Finance Officer confirmed that if a dividend is paid, this will be into the budget of the County Council.
4. The Deputy Chief Finance Officer clarified that SE Business Services insures itself through an extension of the Council's policy. The cost of the extension is paid by the business.
5. The Chairman raised a concern about the amount of income yet to be collected. The Deputy Chief Finance Officer explained that the majority of the debt was raised against Gatwick Airport at the end of the financial year and the funds were paid into the business in May 2014.

Actions/Further information to be provided:

The Chairman to recommend to the Leader and Chief Finance Officer that a finance officer be included as a director of the company.

RESOLVED:

That the Committee NOTES the accounts of SE Business Services Ltd for the 2013/14 financial year and the profit after taxation of £147,756.

Committee next steps:

None.

25/15 EXTERNAL AUDIT: 2013/14 AUDIT FINDINGS REPORT FOR S.E. BUSINESS SERVICES LTD [Item 10]

Declarations of interest:

None.

Witnesses:

Thomas Ball, Manager, Grant Thornton
Andy Mack, Director, Grant Thornton

Key points raised during the discussion:

1. The Manager, Grant Thornton introduced the report.
2. The Chairman expressed surprise at the amount of adjustments identified for a relatively small set of accounts. He queried if lessons had been learnt. The Manager, Grant Thornton explained that because of the size of the accounts, 100% testing had been undertaken. This may be the reason for the number of adjustments identified. However, from 100% testing it was clear that these adjustments were isolated. Discussions had been held with officers and the reasons for the adjustments were understood.

Actions/Further information to be provided:

None.

RESOLVED:

That the Committee NOTES the contents of the 2013/14 Audit Findings Report for SE Business Services Ltd.

Committee next steps:

None.

26/15 UPDATE: CAPITAL PROGRAMME REVIEW [Item 11]**Declarations of interest:**

None.

Witnesses:

Keith Brown, Schools and Programme Manager, Property
Kevin Kilburn, Deputy Chief Finance Officer

Key points raised during the discussion:

1. The Chairman informed the committee that, due to a misprint, the figures in paragraph 7 were not clear. They are, respectively, £0.9m and £32.8m.
2. The Deputy Chief Finance Officer introduced the report. He confirmed that a small contingency was set aside for the 'unknown unknowns'.
3. The committee welcomed the report and were satisfied that the criticisms by the external auditors had been addressed.

Actions/Further information to be provided:

None.

RESOLVED:

That the Committee NOTES the progress made to improve the capital profiling and monitoring procedures, in particular by Property Services.

Committee next steps:

None.

27/15 2014/15 REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT [Item 12]**Declarations of interest:**

None.

Witnesses:

Sue Lewry-Jones, Chief Internal Auditor

Key points raised during the discussion:

1. The Chief Internal Auditor introduced the report and confirmed that the review had been light touch this year.
2. In response to a query, officers explained that the new locked print facility was intended to be implemented within the next year as it was a saving within the Medium Term Financial Plan. Internal Audit would be a priority team in the roll-out. In the interim, it had been reinforced to the team to take care when printing confidential material.

3. A substitute Member queried whether the profile of Internal Audit had improved since he had been a member of the committee a few years previously. The Chief Internal Auditor confirmed that she now sat on the Statutory Responsibilities Network which met fortnightly. The membership consists of the Chief Executive and other very senior officers. This was an opportunity to air concerns from Internal Audit's point of view. It also allowed for the development of closer working relationships.
4. Services in general were now more prompt in responding to audits and management action plans. There were still some audit recommendations that Internal Audit does not feel are addressed promptly enough. However, some of these are by nature difficult to implement quickly.
5. There was concern expressed about the Chief Internal Auditor reviewing her own service. It was also suggested that members of Audit & Governance Committee need to spend time in the field seeing audits taking place.
6. The Chief Internal Auditor reminded the committee that last year an officer from outside the team had undertaken the annual review and the previous year an external organisation was commissioned to undertake the review. The regulations require an external assessment only once every four years and a self-assessment is sufficient during all other years. A Member suggested that next year the commissioning of an external organisation be considered again so as to protect the service from criticism.
7. In response to a question about the service's independence, the Chief Internal Auditor reminded the committee that this was Internal and not External Audit. The service was as independent as an internal audit team could be. Internal Audit sits in the Chief Executive Office directorate and is therefore separate from Finance and the key financial systems. She has regular one to ones with the Chief Executive. It was also important to have personal integrity to say what needs to be said. The Chairman reminded Members that the committee had pushed to have a direct reporting line from the Chief Internal Auditor to the Chief Executive. He was satisfied that the reporting line was now appropriate. He also stressed the direct line between the Chief Internal Auditor and the Chairman of Audit & Governance Committee. The Chairman informed the committee of a Grant Thornton report he had read on the impact of internal audit departments in the public sector and offered to share it with the other Members (**Recommendations tracker ref: A13/15**).
8. The Chief Internal Auditor clarified that there are no set timescales for follow-up audits. It is dependent on management action plans and timeframes attached.
9. The Chief Internal Auditor suggested that arrangements with Select Committees were positive. She was not aware of any other local authorities where internal audit reports are automatically referred to Select Committees for review.

Actions/Further information to be provided:

The Chairman to share with the committee the Grant Thornton report on the impact of internal audit departments in the public sector.

RESOLVED:

That the committee NOTES the report.

Committee next steps:

None.

Tim Evans left the meeting at 11.50am.

28/15 COMPLETED INTERNAL AUDIT REPORTS [Item 13]**Declarations of interest:**

None.

Witnesses:

Sue Lewry-Jones, Chief Internal Auditor

Key points raised during the discussion:

1. The Chief Internal Auditor introduced the report and highlighted that, of 15 reports issued since the previous meeting, six had an audit opinion of 'effective'. The Chairman expressed pleasure that key financial systems had received effective audit opinions.
2. **Review of Emergency Services:** The Chief Internal Auditor informed the committee that only one high priority recommendation had been made during this period and was concerned with an outdated Business Continuity Policy still being included in the Constitution of the Council. However, Communities Select Committee had now dropped this as an item at its May meeting as the Constitution had been updated with the current Corporate Resilience Policy. The Chief Internal Auditor felt that it was still worth following this up to ensure that the correct approval process for policies is used in future.
3. **Schools Financial Value Standard (SFVS) – self assessment:** A Member informed the committee that his discussions with other governors suggested that they were not aware of the Council's whistle blowing policy. Other Members discussed examples of school governing bodies which had agreed whistle blowing policies based on the Babcock 4S model policy. It was suggested that this was discussed with Babcock during the informal meeting with them later in the year (**Recommendations Tracker ref: A14/15**). In response to a question about the sample of schools reviewed, the Chief Internal Auditor explained that schools with a greater risk of less robust SFVS assessments were identified by combining team knowledge, discussions with Babcock 4S and with the council's own finance team. If assurance could be obtained from those with greater risk, it would demonstrate assurance for those considered less risky.
4. **Absence management:** The Chairman requested that, although the absence management report did not identify significant improvements needed or high priority recommendations, a report on progress be brought to committee in due course because of public concern about sickness absence in the public sector. Members asked that this include information on absence rates in different departments (**Recommendations Tracker ref: A15/15**).

5. **General Ledger:** The Chairman expressed concern that Babcock 4S had not reconciled all 8 GL codes within appropriate timeframes. He requested that the committee receive information on whether this recommendation had been addressed (**Recommendations Tracker ref: A16/15**).

Actions/Further information to be provided:

- i. Committee to discuss governing bodies' adoption and awareness of whistleblowing policies with Babcock 4S.
- ii. A report on progress against the management action plan for the absence management audit be brought to committee. The report to include information on absence rates in different departments.
- iii. Officers to provide a progress update on whether Babcock 4S has provided adequate assurance on the reconciliation of specific Schools balances within the appropriate timeframes.

RESOLVED:

That the committee NOTES the report.

Committee next steps:

None.

29/15 INTERNAL AUDIT PLAN 2015/16 [Item 15]

Declarations of interest:

None.

Witnesses:

Sue Lewry-Jones, Chief Internal Auditor

Key points raised during the discussion:

1. The Chief Internal Auditor introduced the report and assured the committee that the Audit Plan reflects the resources available.
2. In response to a question about the high staff turnover in the past year, the Chief Internal Auditor explained that there had been two retirements which had been planned for as well as some unplanned turnover. However, it is healthy to have some turnover of staff. It is also useful to have access to agency resource so long as the service is not overly reliant on it.
3. The Chairman stated that it was for the committee to ensure that the right audits are being carried out and to get assurance that the Chief Internal Auditor will be able to give an audit opinion at the end of the year.
4. The Chairman queried if Heads of Service do always inform Internal Audit if timescales on the management action plan are likely to be missed. The Chief Internal Auditor could not confirm if this was the case. However, there are service liaison arrangements and Heads of Service are asked to sign up to reporting on deadlines when they sign the management action plan.

5. The Chairman requested that the Agreed Process for Select Committee Review of Internal Audit Reports be modified to include reference to the Committee Manager producing a log of Select Committee reviews. This is then reported to the Chairman on a regular basis to enable him to take a view of whether any actions are required (**Recommendations tracker ref: A17/15**).
6. The Chairman was pleased to note that the Draft Internal Audit Plan had included the major projects and partnerships that the committee had identified as significant in informal meetings. He stated that the Head of Information Management and Technology would be attending the next meeting to discuss IMT projects and suggested that the Internal Audit Plan be reviewed with him (**Recommendations tracker ref: A18/15**).

Actions/Further information to be provided:

- i. The Agreed Process for Select Committee Review of Internal Audit Reports to be modified to include reference to the Committee Manager producing a log of Select Committee reviews. This is then reported to the Chairman on a regular basis to enable him to take a view of whether any actions are required.
- ii. The committee to review the Internal Audit Plan with the Head of Information Management and Technology.

RESOLVED:

That the committee APPROVED the following:

- (i) Internal Audit Charter
- (ii) Internal Audit Strategy
- (iii) Internal Audit Reporting and Escalation Policy
- (iv) Internal Audit Quality Assurance and Improvement Programme
- (v) 2015/16 Internal Audit Plan

Committee next steps:

Completed audit reports will be presented to the committee throughout the year and an update on performance against the 2015/16 Plan will be reported to the committee in December 2015.

30/15 SPECIAL EDUCATIONAL NEEDS AND DISABILITY STRATEGY - PROGRESS [Item 17]

As the Assistant Director for Schools and Learning and the Surrey SEND Pathfinder Manager had arrived early, it was decided to postpone Item 16, the Leadership Risk Register, to the end of the meeting.

Declarations of interest:

None.

Witnesses:

PJ Wilkinson, Assistant Director for Schools and Learning

Key points raised during the discussion:

1. The Assistant Director for Schools and Learning introduced the report and agreed to share a summary work programme with the committee (**Recommendations tracker ref: A19/15**).

Richard Wilson left the meeting at 12.30pm.

2. In response to a question about out of county placements, the Assistant Director for Schools and Learning informed the committee that this was an issue that the service had been trying to solve for 20 years. The focus now was on explaining the budget implications to schools and aiming to achieve self-discipline.
3. The Assistant Director for Schools and Learning informed the committee that schools had learnt to manage autistic children effectively.
4. The increasing number of Free Schools and Academies would not impact on the SEND Strategy.

Richard Wilson rejoined the meeting at 12.35pm.

5. The Assistant Director for Schools and Learning stated that some schools do more to support children with special education needs and disabilities than others. He had recently shared information on the proportion of statemented children in each school with head teachers and agreed to share this with the committee (**Recommendations tracker ref: A19/15**).

Actions/Further information to be provided:

- i. Assistant Director for Schools and Learning to share a summary work programme for developing the SEND Strategy with the committee.
- ii. Assistant Director for Schools and Learning to share information on the proportion of statemented children in each school with the committee.

RESOLVED:

That the committee NOTES the work in progress.

Committee next steps:

None.

31/15 EXCLUSION OF THE PUBLIC [Item 18]

RESOLVED: That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information under paragraph 1 of Part 1 of Schedule 12A of the Act.

THE FOLLOWING ITEMS OF BUSINESS WERE CONSIDERED IN PRIVATE BY THE COMMITTEE. HOWEVER, THE INFORMATION SET OUT BELOW IS NOT CONFIDENTIAL.

32/15 UPDATE ON REVIEW OF PLACEMENT CRITERIA FOR RESIDENTIAL PROVISION IN SURREY'S MAINTAINED SPECIAL SCHOOLS [Item 19]

Declarations of interest:

None.

Witnesses:

Susie Campbell, Surrey SEND Pathfinder Manager
Linda Kemeny, Cabinet Member for Schools and Learning

Key points raised during the discussion:

1. The Surrey SEND Pathfinder Manager introduced the report.
Members of the committee asked a number of questions which were answered by the officers present.

Actions/Further information to be provided:

None.

RESOLVED:

That the committee NOTES progress with the Review of Placement Criteria for Residential Provision in Surrey's Maintained Special School. .

Committee next steps:

None.

33/15 PUBLICITY FOR PART TWO ITEMS [Item 20]

RESOLVED: That the items considered under Part Two of the agenda should remain confidential and not be made available to the press and public.

34/15 LEADERSHIP RISK REGISTER [Item 16]**Declarations of interest:**

None.

Witnesses:

Cath Edwards, Risk & Governance Manager

Key points raised during the discussion:

1. The Risk & Governance Manager introduced the report, highlighting two minor changes. She also informed the committee that the Council Leadership Team was also in attendance at the risk workshop with the Cabinet. The workshop did not identify any new strategic risks which gives assurance that all risks have been identified.

Actions/Further information to be provided:**RESOLVED:**

That the committee NOTES the report.

Committee next steps:

None.

35/15 DATE OF NEXT MEETING [Item 21]

The date of the next meeting was noted.

The Chairman then informed the meeting that he would be standing down from the committee at the Council Annual General Meeting. He thanked Members and officers for their support over the years. The Vice-Chairman congratulated him on his successful chairing of the committee.

Meeting ended at: 1.05 pm

Chairman

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Audit and Governance Committee

Notice of Decision

The Audit and Governance Committee has considered an application from Mr Graham Ellwood for a dispensation under section 33 of the Localism Act 2011 in respect of a disclosable pecuniary interest, which is registered in the Register of Members' Interests, to allow him to exercise certain Council functions in relation to George Abbot School, which he would otherwise be excluded from as a result of that interest.

The Committee agreed that:

- The granting of the application was in the interests of people living in the Council's area
- The nature of the Mr Ellwood's interest was such that allowing him to participate would not damage public confidence in the conduct of the authority's business.

and the Committee RESOLVED as follows:

1. That the committee APPROVES a dispensation to allow Mr Graham Ellwood to make proposals for the use of cluster funding, or funding from his Member's Allocation, for the benefit of George Abbot School.
2. This dispensation would apply until the end of the current term of the councillor (May 2017).

Dated 9 April 2015

David McNulty

Chief Executive

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**Audit & Governance Committee
28 May 2015**

RECOMMENDATIONS TRACKER

PURPOSE OF REPORT:

For Members to consider and comment on the Committee's recommendations tracker.

INTRODUCTION:

A recommendations tracker recording actions and recommendations from previous meetings is attached as **Annex A**, and the Committee is asked to review progress on the items listed.

The Committee's information bulletin, circulated by email on 11 May 2015, is attached as **Annex B**.

RECOMMENDATION:

The Committee is asked to monitor progress on the implementation of recommendations from previous meetings (Item 5 Annex A).

REPORT CONTACT: Cheryl Hardman, Regulatory Committee Manager
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Sources/background papers: None

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Audit & Governance Committee Recommendations Tracking

Recommendations (REFERRALS)

Number	Meeting Date	Item	Recommendation / Referral	To	Response
R3/14	29/05/14	2013/14 Annual Governance Statement	To COMMEND the draft Annual Governance Statement, subject to the amendments outlined above, to the Cabinet for publication with the council's Statement of Accounts.	Cabinet	<p>On 24 June 2014, Cabinet approved the Annual Governance Statement for inclusion within the Statement of Accounts and Annual Report.</p> <p>Audit & Governance Committee is to continue to monitor the governance environment and report to Cabinet as appropriate. A half year governance update is scheduled for the meeting on 1 December 2014.</p> <p>On 25 September 2014, the Chairman reported that progress was being made on health and dental checks for looked after children. A copy of a confidential report on progress has been circulated to committee Members for information.</p> <p>The half-year update was on the agenda for 1 December 2014.</p> <p>The draft Annual Governance Statement 2014/15 will be considered by the committee on 28 May 2015.</p>

Audit & Governance Committee Recommendations Tracking

Recommendations (ACTIONS)

Number	Meeting Date	Item	Recommendation / Action	Action by whom	Action update
A28/14	25/09/14	Ethical Standards Annual Review	That refresher training on the Code of Conduct be provided in 2015 and a reminder be given about Gifts and Hospitality.	Director of Legal and Democratic Services	The DCLG has recently issued supplementary guidance which suggests that the Members' Code of Conduct be amended to require disclosure of "non-pecuniary interests". Refresher training on the Code of Conduct and on Gifts & Hospitality may need to be combined with training on non-pecuniary interests. Training will be provided following the by-election to capture the newly elected Member.
A49/14	1/12/14	Annual Audit Letter 2013/14	Officers to report back to the February meeting of Audit & Governance Committee on progress with the certification of the Teachers' Pension Return.	Deputy Chief Finance Officer	The Director of Finance reported that progress had not been made because of a lack of response from Teachers' Pensions.
A51/14	1/12/14	Completed Internal Audit Reports	Chairman to discuss value for money concerns about sustainable transport schemes with Members and raise the issues with the Local Committees' Chairmen's meeting.	Chairman	An email was sent to the Chairman of Local Committees' Chairman's Group on 24 February following discussions with the relevant Members and sharing a draft with all Members of the Committee. The issue has been reviewed by the Local Committees' Chairmen's Group.
A53/14	1/12/14	Treasury Management Half-Year Report	Training on the treasury management function to be arranged.	Strategic Finance Manager – Pensions and Treasury	To be arranged after the Annual General Meeting of the Council.

Audit & Governance Committee Recommendations Tracking

Number	Meeting Date	Item	Recommendation / Action	Action by whom	Action update
A7/15	16/02/15	Completed Internal Audit Reports	A briefing on the implementation of PAMS and the updated MAP to be brought to a future meeting of the committee	Performance Manager, Property	Scheduled for the September meeting, following an update through the bulletin in May.
A12/15	09/04/15	SE Business Services Ltd 2013/14 Accounts	The Chairman to recommend to the Leader and Chief Finance Officer that a finance officer be included as a director of the company.	Chairman	The Chairman has discussed this with the Deputy Chief Finance Officer and raised with the Leader of the Council and the Chief Finance Officer.
A14/15	09/04/15	Completed Internal Audit Reports	Committee to discuss governing bodies' adoption and awareness of whistleblowing policies with Babcock 4S.	Committee	An informal meeting with Babcock 4S is arranged for 12 October 2015.
A15/15	09/04/15	Completed Internal Audit Reports	A report on progress against the management action plan for the absence management audit be brought to committee. The report to include information on absence rates in different departments.	Chief Internal Auditor	This is scheduled for 28 September 2015.
A18/15	09/04/15	SEND Strategy	Assistant Director for Schools and Learning to share a summary work programme for developing the SEND Strategy with the committee.	Assistant Director for Schools and Learning	This is being pursued with officers.

Audit & Governance Committee Recommendations Tracking

Completed Recommendations/Referrals/Actions – to be deleted

Number	Meeting Date	Item	Recommendation / Action	Action by whom	Action update
A40/14	25/09/14	Audit & Governance Effectiveness Review: Final Report	That the committee considers how to develop its involvement in major projects such as the New Models of Delivery project	Chairman/ Regulatory Committee Manager	<p>A summary of projects in progress has been shared with the Committee, together with the report and minutes on the New Models of Delivery Project which was considered at Corporate Overview & Scrutiny Committee.</p> <p>At a workshop with Internal Audit on 16 February, the Audit & Governance Committee heard that a number of key projects were being audited already. The committee also considered how assurance about governance and control systems were in place for partnerships at a workshop on 27 February.</p> <p>It was also decided to hold a session to consider the adequacy of governance and assurance of all IMT projects. This is scheduled for 28 May 2015.</p> <p>It has also been noted that the revised arrangements for scrutiny include a Transformation Sub-Group of the Council Overview Board which will scrutinize partnership models and the Shareholder Board for trading companies.</p>
A1/15	16/02/15	Recommendations Tracker	The Director of Finance to circulate the current monitoring position for Adult Social Care to members of the committee.	Director of Finance	Adult Social Care Select Committee considered the current monitoring position on 10 April 2015. Following this, the report and relevant Minute was circulated to the committee.

Audit & Governance Committee Recommendations Tracking

A2/15	16/02/15	Recommendations Tracker	The Chairman to write to the Leader of the Council about the difficulties and seriousness of the Adult Social Care budget situation.	Chairman	<p>The Chairman spoke to the Leader and followed this up with a letter on 3 March 2015. The Leader discussed the issue with the Cabinet Member for Adult Social Care and a response was received from the Cabinet Member which was circulated to the committee by email.</p> <p>On 9 April 2015, the Cabinet Member for Adult Social Care attended the committee's meeting to respond to concerns.</p>
A3/15	16/02/15	Grant Thornton: Audit & Governance Committee Update	The Director of Finance to look into the process and legal issues which follow schools being removed from the council's accounts and report back.	Director of Finance	A response from the Director of Finance was included in the May edition of the committee bulletin.
A6/15	16/02/15	Completed Internal Audit Reports	The Chairman to bring the findings of the audit of Financial Assessments and Benefits to the attention of the Cabinet Member for Adult Social Care.	Chairman	<p>The Chairman spoke to the Leader and followed this up with a letter on 3 March 2015. The Leader discussed the issue with the Cabinet Member for Adult Social Care and a response was received from the Cabinet Member which was circulated to the committee by email.</p> <p>On 9 April 2015, the Cabinet Member for Adult Social Care attended the committee's meeting to respond to concerns.</p>
A8/15	16/02/15	Completed Internal Audit Reports	The Chairman to write to the Cabinet Member for Business Services and the Cabinet Associate for Assets and Regeneration Programmes about the continuing issues identified by Internal Audit regarding PAMS.	Chairman	The Chairman has written to the Cabinet Member for Business Services and received an acknowledgement. An update on PAMS was included in the May bulletin.

Audit & Governance Committee Recommendations Tracking

A11/15	09/04/15	External Audit: Audit Plan for SCC	Grant Thornton to provide a briefing note on Changes to the CIPFA Code of Practice with regards financial reporting	Grant Thornton	A briefing note from the corporate finance team was included in the May edition of the committee bulletin.
A13/15	09/04/15	2014/15 Review of the Effectiveness of the System of Internal Audit	The Chairman to share with the committee the Grant Thornton report on the impact of internal audit departments in the public sector.	Chairman	A link to the report was circulated as part of the committee bulletin in May.
A16/15	09/04/15	Completed Internal Audit Reports	Officers to provide a progress update on whether Babcock 4S has provided adequate assurance on the reconciliation of specific Schools balances within the appropriate timeframes.	Chief Internal Auditor	A response was included in the Committee's May bulletin.
A17/15	09/04/15	Internal Audit Plan	The Agreed Process for Select Committee Review of Internal Audit Reports to be modified to include reference to the Committee Manager producing a log of Select Committee reviews. This is then reported to the Chairman on a regular basis to enable him to take a view of whether any steps are required.	Chief Internal Auditor	The process was amended and circulated with the May edition of the committee bulletin.

Audit & Governance Committee Recommendations Tracking

A18/15	09/04/15	Internal Audit Plan	The committee to review the Internal Audit Plan with the Head of Information Management and Technology.	Committee	This will be undertaken on 28 May 2015.
A19/15	09/04/15	SEND Strategy	Assistant Director for Schools and Learning to share information on the proportion of statemented children in each school with the committee.	Assistant Director for Schools and Learning	This information was circulated to committee on 5 May 2015.

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Audit & Governance Committee



Welcome...



Welcome to the Audit & Governance Committee Bulletin.

The purpose of this bulletin is to keep Members and officers up to date with local and national issues relevant to the Audit & Governance Committee.

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Update from previous Audit & Governance Committee meetings

Changes in the Code of Practice on local authority accounting	Jonathan Evans of the Corporate Finance team has provided a briefing note on changes in the Code of Practice on local authority accounting as requested at the meeting of the committee on 9 April. 
Adult Social Care Budget	On 10 April 2015, the Adult Social Care Committee considered the latest budget monitoring position for the Adult Social Care directorate. The report is attached below.  The Minutes of the meeting will be published here on the Council website in due course: http://mycouncil.surreycc.gov.uk/ieListDocuments.aspx?CIId=143&MIId=3630
Schools accounting	At a previous meeting of the Audit & Governance Committee, the Director of Finance was asked to look into the process and legal issues which follow schools being removed from the council's accounts and report back. The following response has been provided: Finance has worked with Legal Services to examine the legal issues surrounding the removal of academy schools from the council's balance sheet. The creation of academy school status and the conversion of local authority schools to such status has the backing of statute. This over rides all other conventions. Converting to academy status for a school is the removal of a function from a local authority, and as in the case in the past of the police and magistrates courts. In these cases, the assets of the function are transferred, but any liabilities relating to past borrowing remain with the local authority.

PAMS progress	A briefing on the implementation of PAMS and the updated MAP is to be brought to a future meeting of the committee. An update on progress is attached. 
Babcock 4S reconciliation of specific schools' balances	On 9 April 2015, officers were asked to provide a progress update on whether Babcock 4S has provided adequate assurance on the reconciliation of specific Schools balances within the appropriate timeframes. The following response has been provided by the Chief Internal Auditor: Finance has confirmed that the balances relating to Period 8 - which at the time of the audit had not been fully reconciled - have now been fully certified. Furthermore, in line with Finance requirements Babcock have returned their Period 11 certification and Finance expect to receive a return of reconciled codes from Babcock on 30 April for the Period 13 return in accordance with their closing guidance. Period 12 certifications are not required as the balances are constantly moving right through to the end of period 13.
Select Committee Review of Internal Audit Reports	On 9 April 2015, the Chairman suggested that the process for select committee review of Internal Audit reports be modified to reference existing practice by the Regulatory Committee Manager to keep a log of select committee reviews which is then shared with the Chairman on a regular basis to enable him/her to take a view of whether any actions need to be taken. The amended process is attached below: 
Local Government Governance Review 2015: All Aboard?	On 9 April 2015, the Chairman discussed a report by Grant Thornton which considered the impact of Internal Audit departments on the public sector. The report can be found at the link . Of particular interest are pages 6-9.

Internal Audit update

Current Audits	The following audits are currently in progress or at the planning stage: Community Learning School Planning/Admissions Local Safeguarding Children Board Managed Print Service Children's Safeguarding QA Process Capital Expenditure Monitoring Waste Management and Minimisation Transport Coordination Centre - New System Consultancy Fuel Card - Follow-up Audit
2015/16 Internal Audit Plan	The 2015/16 Internal Audit Plan was approved by the Audit and Governance Committee on 9 April 2015. The Internal Audit team will discuss the scope and timing of specific audit reviews within the plan with relevant senior officers as part of regular service liaison meetings.

<p>Counter Fraud Work</p>	<p>The fraud awareness presentation developed by the Internal Audit team has now been presented to more than 480 members of staff in key service areas including Children's and Safeguarding Service and Adult Social Care. Following excellent feedback and to meet demand, we are now looking to deliver these presentations to larger groups.</p> <p>As the lead partner, Internal Audit have submitted a progress report to the DCLG on the counter fraud fund. To date the following action has been taken in line with the bid: Borough and district partners have appointed investigator resource and have been working with Housing Partners to commence work tackling tenancy fraud. Fraud awareness training has been commissioned and will be delivered to bid members and housing sector partners. A housing sub group has been convened and opened to all Surrey boroughs & districts (four were not originally part of the bid) and six housing partners.</p> <p>Investigators are currently investigating over 30 homeless / housing cases and borough and district partners are all participating in a data matching exercise targeting housing allocation lists. In addition, partners are also already using funding to increase resource verifying applications for Housing Register, Homelessness and Right to Buy. A sub group has also been established to consider Business Rates avoidance.</p>
<p>Partnership Working</p>	<p>At a meeting of Elmbridge Borough Council's Audit & Standards Committee in March, members of that Committee supported a recommendation to progress partnership working with SCC for the provision of Internal Audit services including the role of Chief Internal Auditor. SCC have agreed to provide audit manager resource to act as Head of Internal Audit and auditor resource to help deliver the Elmbridge audit plan. Pending agreement of a Memorandum of Understanding the partnership will come into effect from 1st July 2015.</p> <p>Meanwhile Internal Audit management are also exploring opportunities to work more closely with Spelthorne Borough Council. Meetings have been held with the Head of Internal Audit at Spelthorne to discuss the possible provision by SCC of some Internal Audit resource. Further discussions with the Director of Finance at Spelthorne will take place in June.</p> <p>As part of closer working with East Sussex County Council, the SCC Internal Audit Management team will meet in June with counterparts in East Sussex County Council to discuss common areas of work and opportunities to share intelligence and best practice. On an operational level, the two teams are in regular contact to share best practice and discuss emerging risks when planning common audits.</p>
<p>Staffing News</p>	<p>A new agency member of staff, John Edwards has joined the team. John has extensive experience of working in Internal Audit in both the public and private sector and is working on audits of Consultancy and Fuel Cards (follow-up).</p> <p>We are sorry to say farewell to Lyle Lumsden, IMT Auditor, who leaves at the end of April to take up a work opportunity outside the council. Lyle has recently completed audits on Telecare and Highways - Safety Defects and Inspections.</p>

Further information

<p>Stronger Futures: Development of The LGPS (Grant Thornton)</p> <p>February 2015</p>	<p>Grant Thornton's national report on the governance in local government pension scheme.</p>
<p>Local Government Transparency Code 2015</p> <p>27 February 2015</p>	<p>This document sets out the minimum data that local authorities should be publishing, the frequency it should be published and how it should be published. The 2015 code represents the recommended practice but 2014 code is still legally in force.</p>
<p>Councils unable to fund Care Act duties, suggests survey</p> <p>5 March 2015</p>	<p>A survey of adult social care directors, conducted by Independent Age and the MJ, revealed that not one council said it had sufficient funding to implement the Care Act what it comes into force next month.</p>
<p>Audit Planning</p> <p>11 March 2015</p>	<p>Auditing at the speed of risk requires continuous assessment by formal methods as well as through networking with stakeholders, all while scanning the horizon, says Richard F Chambers.</p>
<p>Continued cuts could put councils in court, Mets leader warns</p> <p>16 March 2015</p>	<p>A senior council leader has warned that local authorities will face legal challenges over failure to provide statutory services during the next parliament if funding cuts persist</p>
<p>Joining and Audit Committee</p> <p>17 March 2015</p>	<p>Are heads of internal audit ideal candidates to become audit committee chairs? Article sharing experiences of internal auditors who have taken on this role.</p>
<p>Better reporting and scrutiny needed for council borrowing</p> <p>19 March 2015</p>	<p>A new Accounts Commission report says councils in Scotland need to make better use of information to clearly set out the impact of borrowing in the longer term to help councillors make informed decisions and undertake their scrutiny roles. Councils are following the principles of the relevant codes of practice in demonstrating short term affordability, but they are not always highlighting the strategic importance of borrowing and treasury management or providing evidence of long-term affordability and sustainability.</p> <p>Scrutiny needs to be improved through better training for councillors, cutting out jargon to make reports clearer, and ensuring governance arrangements are solid.</p>
<p>Data sharing for the prevention of fraud: code of practice</p> <p>23 March 2015</p>	<p>This code of practice is for public authorities who want to share information to help prevent fraud. It makes sure that information is shared safely, protecting individuals' rights and the security of the data.</p>
<p>Understanding local cyber resilience: a guide for local government on cyber threats</p> <p>24 March 2015</p>	<p>The Cabinet Office and Department for Communities and Local Government have developed this guide setting out the nature of specific cyber threats to local government.</p> <p>It also suggests the steps that local authorities can take to mitigate the risks.</p>

<p>Survey of public attitudes towards conduct in public life 2014</p> <p>25 March 2015</p>	<p>On the whole respondents had a fairly negative views about the standards of conduct of people in public life: few respondents thought the standards of conduct of those in people life were high, more respondents thought standards had got worse in recent years, and most respondents were not confident that the authorities are committed to upholding standards in public life or that wrongdoing would be uncovered or punished by the authorities.</p>
<p>County devolution: Our plan for Government 2015-20</p> <p>26 March 2015</p>	<p>According to this report, devolution to local areas could boost productivity and safeguard economic growth. CCN Chairman David Hodge said England's counties were key to the nation's economic recovery and must not be overlooked amid devolution deals for cities.</p>
<p>Two councils launch legal action over lack of Care Act funding</p> <p>27 March 2015</p>	<p>West Berkshire and Wokingham Council have launched a legal challenge against the government for failing to fully fund the care act. This judicial review will claim that the government process which resulted in the inadequate funding is unlawful</p>
<p>Councils gain power to dismiss senior officers through vote</p> <p>27 March 2015</p>	<p>The government has passed new legislation that will allow senior officers in local authorities to be dismissed by a vote of the full council.</p>
<p>Code of Audit Practice</p> <p>April 2015</p>	<p>The National Audit Office (NAO) has published the Code of Audit Practice. The Code sets out what local auditors are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act. The NAO has also published Auditor Guidance Notes. The aim of these is to support auditors in their work and facilitate consistency of approach between auditors of the same types of entity.</p>
<p>Bradford regeneration chief jailed for £25,000 fraud</p> <p>10 April 2015</p>	<p>The 36-year-old, on £42,000 salary, fabricated invoices and pressured contractors, and even a co-worker, to help him use the money for his personal needs.</p>
<p>Free school trio in court to face fraud charges.</p> <p>10 April 2015</p>	<p>The founder and former principal of a flagship free school in Bradford and two former staff members have appeared in court charged with fraud.</p>
<p>Stolen data reaches five continents and 22 countries in 12 days on the Dark Web</p> <p>14 April 2015</p>	<p>Bitglass embarked on a mission to answer the question "where is your data?" by using its data tracking technologies to find out how quickly stolen data is disseminated across the globe on the Dark Web.</p> <p>The report concluded that "there is no limit" to how far sensitive data will travel once it has been stolen.</p> <p>"Although the level of access after just 12 days was extraordinary; imagine how much further the data would spread in 205 days - which is the average time it takes for enterprises to detect a corporate data breach," it said.</p>

<p>Council fraud crackdown sees five children lose school place offers</p> <p>14 April 2015</p>	<p>Five children had their school places withdrawn after a new team of council investigators discovered the parents had lied about where they live to get into their favoured school catchment area.</p>
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Issue 16 of the CIPFA Better Governance Forum's Audit Committee Update has been placed on the S-Net library under [Audit & Governance Committee – Induction Materials](#). This issue looks at what makes a good Audit Committee Chairman and governance developments in 2015.

Updates from other Committees

Listed below are a number of committee reports that may be of interest to the Committee, as they cross into the Committee's remit or they relate to matters recently discussed at Audit & Governance Committee, or that the Committee have shown an interest in:

Cabinet	<p>At its meeting on 24 March 2015, the Cabinet considered the following reports:</p> <ul style="list-style-type: none"> • Medium Term Financial Plan 2015-2020 • Finance and Budget Monitoring Report for February 2015 <p>At its meeting on 28 April 2015, the Cabinet considered the following reports:</p> <ul style="list-style-type: none"> • Year End Financial Budget Outturn 2014/15 • Leadership Risk Register
Adult Social Care Select Committee	<p>At its meeting on 10 April 2015, the Adult Social Care Select Committee considered the following reports:</p> <ul style="list-style-type: none"> • Recruitment and retention and workforce strategy update • Care Act Implementation • Adult Social Care Directorate Budget Monitoring Report
Council Overview & Scrutiny Committee	<p>At its meeting on 23 April 2015, the Council Overview and Scrutiny Committee considered the following reports:</p> <ul style="list-style-type: none"> • Shareholder Board • Internal Audit – Apprenticeship Scheme Management Action Plan Update • Future Governance of Basingstoke Canal Task Group • Budget Monitoring Report
Environment & Transport Select Committee	<p>At its meeting on 23 April 2015, the Environment & Transport Select Committee considered the following reports:</p> <ul style="list-style-type: none"> • Select Committee Task & Finish Group Scoping Document: Future Governance of the Basingstoke Canal

Upcoming

5

The next meeting of the Audit & Governance Committee is on 28 May 2015. The following items are on the agenda:

- 2015-16 external audit fee letter
- Completed Internal Audit Reports
- Annual Internal Audit Report
- Full Year Summary of Internal Audit Irregularity and Special Investigations
- Annual Risk Management Report
- Code of Corporate Governance
- Annual Governance Statement
- Treasury Management Annual Report
- IMT Projects
- Whistle blowing update
- Property Asset Management System: Update

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Audit & Governance Committee
28 May 2015

Whistle Blowing Update

Purpose of the report:

This report provides Audit and Governance Committee with an update on whistle blowing activity, the results of a staff survey about whistle blowing and seeks Committee's comments and agreements on the actions and plans to continue to promote and develop the service.

Recommendations:

1. It is recommended that the Committee:
 - a) Notes the progress outlined in the report;
 - b) Approves the promotional activities and preventative measures in section 8 of this report;
 - c) Approves reporting on whistle blowing to Audit and Governance Committee each April on an annual basis. This will be in conjunction with any related work on whistle blowing conducted by Internal Audit.

Introduction:

2. This report provides Audit and Governance Committee with an update on whistle blowing activity, the results of a staff survey about whistle blowing and seeks Committee's comments and agreements on the actions and plans to continue to promote and develop the service.

Analysis of usage:

3. Since the last report in March 2014 usage of the service has remained fairly consistent. There has been a slight decrease in the year to date average number of calls at around 3.5 per month and an average of 0.8 investigations, compared to 5 calls and 1.1 investigations for the 2013-14 financial year. This level of activity is comparable with other organisations who use Expolink.

Service activity – Expolink – April 2014 to April 2015

Month	Total no. of calls	Total requiring investigation	Main Incidents Reported	Directorate
Apr	2	0		
			Confidential report sent to monitoring officer (Head of Legal services)	
			Allegations of lack of duty of care regarding a policy at a care home	ASC
May	11	3	Grievance regarding a manager	CSF
June	2	1	Allegation of assault to a member of staff by a member of the public	ASC
July	2	0		
Aug	2	1	Confidential report sent to monitoring officer (Head of Legal services)	
Sept	4	0		
			Allegations of bullying and victimisation	Schools
Oct	3	2	Unprofessional behaviour	ASC
Nov	4	0		
Dec	2	0		
Jan	1	1	Allegation of victimisation	ASC
Feb	1	0		
Mar	0	0		
TOTAL this period	34	8		

4. The higher number of calls in May 2014 relates to additions to previous reports, and requests for feedback from staff who have reported an issue with Expolink.

Summary of recent live cases

5. The table below shows an anonymised summary of the recent cases and outcomes reported via the confidential whistle blowing service.

2014 Month		Nature of complaint Outcome
May	Allegations of lack of duty of care regarding a policy at a care home	Much work has been done re this policy and CQC inspectors have also been involved. They have confirmed that this is no longer a safeguarding issue. The whole team are aware of the policy and QA from the inspectors. Investigation has taken place and it was suggested that a discussion by all parties took place to resolve the issues.

	Grievance against manager	An initial investigation has been completed and shared with the Assistant Director for Childrens Services.
June	Allegation of assault to a member of staff by a member of the public	Employee was confused as to who this should be reported to. She did give a statement to the police and she has been supported by her manager during and after the incident.

Breakdown of allegations (not outcomes)

6. The table below shows an analysis of the broad categories of allegations.

Type of allegation	Percentage
Assault	12.5%
Bullying and harassment	25%
Fraud	12.5%
Grievance with manager	12.5%
HR issue	12.5%
Safeguarding	12.5%
Unprofessional behaviour	12.5%

Comparison statistics 2013-14 and 2014-15

7. The table below shows a comparison of the number of calls and investigations between 2 categories of allegations over the last two complete years.

Month	Total no. of calls 2013-14	Total no of investigations 2013-14	Total no. of calls 2014-15	Total no of investigations 2014-15
Apr	3	0	2	0
May	3	1	11	3
June	8	3	2	1
July	11	0	2	0
August	0	0	2	1
September	6	2	4	0
October	4	0	3	2
November	1	0	4	0
December	5	2	2	0
Jan	8	0	1	1
Feb	2	0	1	0
Mar	10	5	0	0
Totals	61	13	34	8
Average per month	5	1.1	2.83	0.6
Ratio of Investigations to Calls		1 : 4.7		1 : 4.2

8. The main type of whistle blowing contact via Expolink is to alert us to conflicts arising from behavioural issues. To ensure our response is robust and effective we have a number of ongoing work streams:
- The introduction of a new case management system that will integrate all cases reported via whistle blowing immediately into the mainstream system;
 - The preferred supplier list for investigators is being reviewed and updated with external investigators, who cover multiple areas of expertise and who can provide a flexible and timely response;
 - Each member of the HR Operational Team, who manage day to day cases, is attending restorative practice-based development sessions to enhance their case management and facilitation skills;
 - We have introduced an end to end restorative practice framework, with supported training, which includes a Fairness Champions network, an Internal Mediation Service and an internal Coaching Pool. The Higher Performance Development Programme will also be pivotal for managers to identify, facilitate and resolve conflict in the early and preventative stage;
 - We are devising a change in Governance whereby the Head of Operational HR, who oversees all cases, will receive whistle blowing reports. This will allow a faster, more integrated response and direct recording onto the new case management system.

Whistle blowing information searched by staff via s-net (intranet)

9. The following table shows the activity of staff accessing information on whistle blowing on the intranet and shows a healthy level of enquiry about the policy.

No visits s-net 2014-15	What happened next?
1701	942 ended session 173 downloaded policy 111 viewed flowchart 88 viewed FAQs 49 viewed Ending Bullying & Harassment page 47 viewed Expolink page

Staff survey of whistle blowing Autumn 2014:

10. A survey was conducted during October 2014, to help us understand staff views about whistle blowing and to increase awareness of the service and support available. A very good response was received, with approximately 600 replies, and some helpful feedback on how to raise awareness. The key findings of the survey are as follows:
- 87% of respondents know what whistle blowing is, of which 70% have medium to high awareness;

- 65% of respondents are aware that the council has an externally delivered whistle blowing service;
 - 40% have a general awareness of what to use our service for;
 - 27% would definitely use the whistle blowing service - because it's external, confidential and anonymous;
 - 61% say they would use it depending on the circumstances;
 - 11% of people said they would not report an incident at all.
11. Feedback given by staff as part of the survey has shown that not all staff members know the circumstances in which they can use Expolink (our external provider) and would like further clarification. There is a need to continue to publicise the duty of all employees to report any incidents which come under the whistle blowing definition. See further information on promotional activities set out in paragraph 15.
12. The survey shows that a lot of staff prefer to raise an issue with their manager, or someone else internally, before using an external provider and would only use Expolink as a last resort. Most people would use Expolink if no action was taken in response to their raising an issue directly with management. Some staff have concerns about a negative impact on themselves, if they were identified, with a minority not having trust in either approach. It is evident that there is an underlying positive feeling of protection through anonymity and confidentiality, but a few people still don't feel confident about this.
13. There have been 239 visitors to the Whistle Blowing Survey Results Autumn 2014 page on s-net since it was published.
14. In conclusion, there is a generally good level of understanding of whistle blowing and a staff see this as a service which is there to use if the circumstances demand. It is encouraging that staff feel they can and will resolve issues directly with management. It is interesting that staff may choose to whistle blow, if management fails to address concerns. We need to improve the awareness of the confidential service provided since staff see anonymity and confidentiality, as a key benefit to using this service.

Promotional activity and action planning:
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15. As a response to feedback via the survey, we have continued to improve promotional materials, including a new leaflet about whistle blowing. We believe this will improve awareness across the council, increase people's confidence in using the whistle blowing service, and emphasise the confidentiality aspect. This will be given to all new employees at induction and distributed widely across the organisation, with a particular aim of reaching those staff who don't have access to electronic communication. We will continue to promote whistle blowing by:
- Mainstreaming promotion of whistle blowing into promotion of staff benefits in general during 2015;

- Distributing new leaflet summarising key points via induction, road shows, snet, ebrieff and to managers of staff who do not have electronic access;
- Asking line managers to include whistle blowing as an agenda item at team meetings for brief discussion of the key points, using the leaflet as a guide;
- Working with Internal Audit, and other corporate functions, to adopt a joined up approach to any campaigns/initiatives around fraud;
- A question and answer article will be placed on Chat zone (s-net) giving further details of the service and how to access it, together with other interventions such as Local Workplace Fairness Champions;
- Whistle blowing promotion will be a topic at a future series of Bursar briefings for schools, to ensure awareness and encourage promotion throughout Surrey County Council schools;
- An article will be published in the SOS (School Office Support) bulletin to raise awareness among teachers new to Surrey;
- Information on Expolink continues to be placed on payslips in 2014; and
- Work will be done to explore the issue of raising awareness of whistle blowing among suppliers.

Schools access to Expolink

16. All maintained schools with the exception of Academies have access to Expolink. In the past confusion has arisen where a school, which is under Diocese direction does not appear to have followed internal procedures before contacting Expolink. In these cases the individual should be encouraged by Expolink and corporate HR to follow the internal procedures, however it is also understood that this may not always be possible or practical
17. In such situations, the issue should be passed to the Head of Education Personnel at Babcock 4S who will action or pass on as appropriate and we are meeting with Babcock to consider these arrangements.

Financial and value for money implications

18. There are no financial impacts identified as a result of this report. Having whistle blowing procedures in place helps the local authority to identify and tackle issues which could otherwise have financial implications.

Equalities and Diversity Implications

- 19. All equality strands will be applicable to ensure staff have access to reporting concerns, and the outcomes are monitored to ensure the overall well-being of staff. In addition the organisation/services will benefit from robust application of Strategy against Fraud & Theft. Any issues that arise through whistle blowing are addressed as they arise.

Risk Management Implications

- 20. There are no risks identified as a result of this report. Having whistle blowing procedures in place helps the local authority to identify and manage risks.

Next steps:

- 21. The HR team will take forward implementation of the promotional action plan over the next 12 months.

Report contact :

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Sources/background papers: n/a.

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Audit & Governance Committee
28 May 2015

Overview of IMT Projects

Purpose of the report:

This report aims to provide the Audit and Governance Committee with an overview of the large projects that IMT have to deliver during 2015 and to consider the adequacy of the control systems and governance in place.

Recommendations:

It is recommended that the committee assess the adequacy of the control systems and governance arrangements for large IMT projects.

Introduction:

4 IMT have a work programme of projects (see appendix 1) that is managed and controlled through the IMT programme office. Typically this service will be undertaking around 100 projects at any one time.

4.2 In the last 12 months IMT delivered 85 projects, currently there are 110 projects currently being worked on and 47 projects in the pipeline waiting to start.

4.3 These projects are controlled using a number of governance arrangements and systems which will be described in this paper.

4.4 This year will see a variety of different work streams coming to fruition which will support the frontline and help to deliver the organisations corporate strategy including digital. How these work streams are sequenced will be important and impact on timing.

4.5 This will mean the level of complexity of the work programmes and the scale of work will be even higher than previous years. This paper also describes the additional governance arrangements the service is putting in place to manage this.

- 5 In terms of the work plan IMT receive requests for work in a variety of ways, through a customer request that is submitted via the IMT helpdesk, through one of the business driven technology boards, or via our membership one of the business management teams. This process enables the approval and checking sensitive projects.
- 5.2 All requests are logged by the Project Management Office on the portfolio management tool “execview” and an initial scoring is assigned to the request based on the customers understanding of the request and its urgency/priority.
- 5.3 Each request is reviewed by an IMT solution architect who will undertake some initial scoping of the request and provide feedback regarding the business requirements, strategic fit, solution options and review/confirm the urgency/priority inclusive of the technical issues.
- 5.4 The relevant business technology board will then review the CRF and, using feedback from the solution architect, make the decision on whether to progress the request to a small work package or project, or whether to reject the request. (See the role and responsibilities of the Business Technology board Appendix 5)
- 5.5 There are a number of business technology boards that are Chaired by a business senior officer and attended by a variety of business and IT staff to monitor the programmes or projects. Their role is to represent the wider organisations interests including organising any business change management required for the projects, prioritisation of the requests and feeding back to the wider service.
- 5.6 Each board is responsible for approving, controlling and signing off the CRF, and authorising a project – see page 2 of appendix 5.
- 5.7 Once the relevant technology board has prioritised the CRF, the project will be prioritised against other requests, taking into account resource availability, urgency and complexity of the solution.
- 5.8 The programme manager working with the PMO will then allocate to a Project Manager or allocate to an existing portfolio to ensure alignment of the resource and the sequencing of work involved in delivery
- 5.9 Monthly project reports are provided to the Technology boards by the IMT project manager. These reports are outputs from the control systems used by the PMO.

Overview of the Projects and Programmes 2014/15

- 6 The projects often have clear links, interdependencies and impacts on one another, both for the business and technically. This could present us with problems around timings, resources and sequencing. To enable us to manage these links, interdependencies more effectively we have established a series of programmes. The larger programmes and projects are listed below
- 6.2 Modern Worker Programme - this series of 7 projects and 20 plus small work packages will deliver improvements for our frontline staff around the technologies staff are interacting with, they include – Security, Device replacement, BlackBerry replacement, AD phase 2, WiFi, Email Replacement and Collaboration, Managed Print service
 - 6.3 Digital Programme – this programme of work builds on the exemplar proof of concepts and the projects include – Vulnerable Adults, CRM, Data Publishing, Staff Interactions.
 - 6.4 As well as the wider organisational programmes IMT will continue to manage a variety of established business programmes including Fire and Rescue, Children’s Programme and Adults Programme of change, Youth Services etc.
 - 6.5 The business programmes have consistently demonstrated the success of the programme approach, demonstrating efficient delivery through a more co-ordinated sequenced approach to a wide range of projects that are linked through a lead project manager, overarching programme plan and delivering the project through a “virtual” blended team of business, project and technical staff.
 - 6.6 The Modern Worker Implementation programme is unique in that it touches all areas of our organisation and consequently we have recently established a programme board that will be chaired by Paul Brocklehurst, with the role of senior user being represented by a customer group with representation from across the organisation (see appendix 5 page 3).

IMT Programme Management Office (PMO)

- 7 In order to monitor, manage and control this plethora of work IMT programme office use a variety of tools including Execview, Time Recording System, and Retain
- 7.2 Execview is a portfolio management tool that enables us to manage the requests, from the initial customer request form, through all the phases, solutioning, project initiation, through to project completion.
 - 7.3 Staff time is managed via Time Recording System, a resource management tool, (TRS) which is updated by staff and monitored via reports by managers and project managers.

- 7.4 To enable IMT to manage the technical resources that are required across the different projects project managers log their resource requests in a tool called Retain (a resource allocation tool). This is a system that enables us to plan and predict the skills required and allocate resources.
- 7.5 The 3 tools TRS, execview and Retain integrate the information to provide details of resources against projects and to enable IMT to accurately identify and predict resource requirements used or needed for projects.
- 7.6 All IMT staff update the tools daily/weekly as relevant and a monthly report is run to provide information for the key stakeholders including the IMT leadership team and Technology boards.
- 7.7 All project managers are trained in Prince 2 , a process based project management methodology. IMT use Prince 2 methodology and documentation for all projects. This is well established in IMT and is currently used very effectively to manage the different phases of the projects.
- 7.8 More recently a number of staff have been trained in Agile Project methodology. A number of development projects are currently run using the Agile methodology – a project management methodology more appropriate to iterative development projects.
- 7.9 Three of IMT senior project managers are booked on a programme management course with QA, our training provider, to ensure that the programmes are effectively managed.

Governance - IMT Technology and Programme Boards

- 8 IMT have established business lead technology boards that are managed and attended by critical business and IMT staff. Established boards include Adults Social Care, Children's Schools and Families, Fire and Rescue, Chief Exec.
- 8.2 These boards will continue to be used to manage the businesses IT projects and programmes.
- 8.3 However due to an increased number of crosscutting projects the need for a more strategic programme board has been identified. IMT have responded by realigning the technology boards and more technical groups to these programme boards. (see appendix 5).
- 8.4 The Modern Worker programme board is more networked than business focused and will feed into the Digital Design Board to ensure all solutions are compliant with the principles of our IMT and Digital Strategy. The programme boards will include Modern Worker, Digital, and potentially the orbis programme board.
- 8.5 The programme and business technical boards are supported by the more detailed and technical TIIP boards (see appendix 5)

Conclusions:

- 9 PMO manages projects and programmes of work from initial request to completion of projects
- 10 IMT uses established tools including TRS and Retain with newly introduced Execview – a portfolio management tool
- 11 IMT project staff are skilled and qualified in Prince 2, and manage projects and programmes using established documentation and processes.
- 12 Established Technology Boards manage Business programmes, and are responsible for approaching and overseeing service projects, including overview of risks and issues.
- 13 Newly established networked programmes Modern Worker Implementation programme, will manage wider organisational projects.
- 14 Established Information Governance Board acts as a gateway to the wider organisation and supports the IT security team in the management of IT security risks.

Financial and value for money implications

- 15 Each project has its own budget and the project manager will manage the financial risk at a project level. Regular budget meetings with finance team ensure there are appropriate controls in place.

Equalities and Diversity Implications

- 16 Equality Impact Assessment (EIA) is managed through the individual projects and not at a programme level.

Risk Management Implications

- 17 The Business Development Manager has a pipeline of work that is managed separately. As well as the usual security measures which are ISO compliant and uses PSN build principles, for our commercial business Surrey £5 million insurance in place.
- 18 IMT have a security project that is reviewing the way Surrey manage our systems (See Appendix 4).
- 19 In order to monitor and manage risk identified in the security project an Information Governance Group (see Appendix 5) has been established to act as a gateway for decisions and changes. This group has senior representation from across the organisation and meets regularly.
- 20 From initial request to completion of the project, there are controls in place to manage the risks. Each project manager/lead will manage risks and issues at project level, with an overview at Service Technology Board. Escalation of the risk will be to the Modern Worker programme board – (see appendix 6).
- 21 IMT have reviewed the audit plan and would confirm that it does address the correct IT projects.

Next steps:

Digital Design Board established for monthly meetings - May 2015 – to ensure that the digital and IMT strategy is at the centre of all our projects.

IMT to establish a customer group to sit on the Modern Worker Implementation programme board – May 2015 – ideally this group will be a representative from each of the technology boards.

Project management staff to complete programme management course – September 2015.

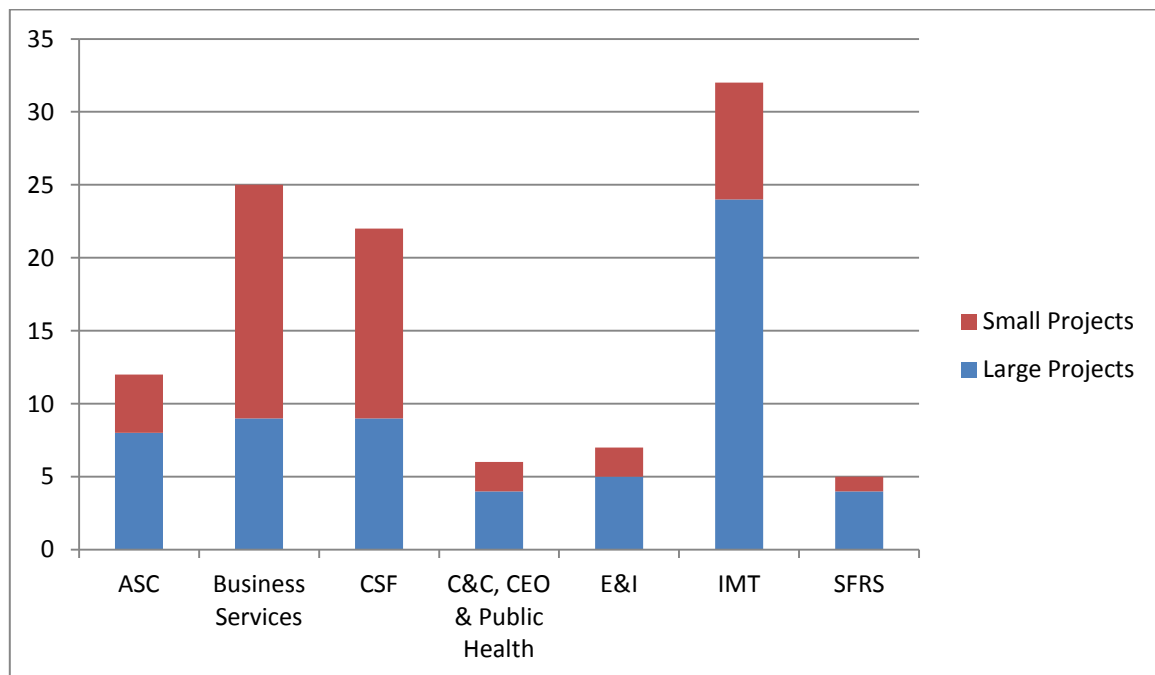
Report contact: Lorraine Juniper, Group IMT Programme Manager
Contact details: 07968 832 908 / 0208 541 8999

Sources/background papers:

- Pamphlet of IT projects – appendix 1
- Briefing Note Information Governance appendix 2
- Projects April Challenge - Appendix 3
- Security Project overview Appendix 4
- Governance - Appendix 5
- Controls and Managing Risk - Appendix 6

IMT Projects Summary

*Projects Delivery
January 2015*



109 projects are currently being delivered

Adult Social Care

Recently Completed

- ASC New Database Product (Interim used by LATC) – SCC in-house development completed and handed over to Surrey Choices.
- Home Based Care – IMT created new Business Objects universe in order for ASC Finance team to write reports.
- AIS tested on iPads
- ASC SWIFT V29 Upgrade – IMT completing upgrade of SWIFT V27 to V29.

In Progress

- ASC Reporting – This project is to rationalise the ASC recording processes and reporting outputs so that they more clearly meet the needs of managers and staff and enable ASC to fulfil new statutory reporting requirements arising from the ZBR.
- ASC LATC Service Delivery – IMT are managing the IT aspects of the move of ASC Service Delivery staff to the new Local Authority Trading Company (LATC) – Surrey Choices. Managing the de-commission of IT provision no longer required by Surrey Choices, agree ongoing support arrangements for IT services that Surrey Choices will retain and to support SC management and staff during the transition period.
- SALDR – work to transfer all current ASC Surrey Linked Adult Disability Register records from SALDR to AIS.
- Integrated Care Teams (GP Surgeries) – IMT to provision all IT requirements for ASC teams to work effectively at their new work sites which are not currently SCC buildings.
- ASC Provider Portal – IMT to procure and implement a provider portal solution that enables ASC approved providers to access real time information regarding demand and ASC officers to access real time information regarding supply to support them in making timely and efficient placements.
- Pre-paid Card for Direct Payments – requirement to expand provision for direct payments in Surrey to include a pre-paid account. The pre-paid card will be loaded with a social care users direct payments for community care services, so that it can be used to purchase goods and services to meet personal needs, as set out in their support plan.
- ASC Housekeeping – a series of small projects pulling together as ASC Housekeeping project
 - NHS Number – NHS number upload into AIS to match service user records to their NHS number
 - QAS Gazetteer – Enabling case workers to create addresses and remove the need to contact the social care help desk in order to reduced demand on Social Care service desk and an effective and efficient process for the case worker
 - Enable Audit on AIS/WISDOM – Enable Audit in Swift to identify how users are using Swift
 - Security review of access to data on AIS/SWIFT
- Mobile Assessment Application – to integrate the application with ASC's main system (AIS) allowing data captured within the application to automatically sync to AIS
- ASC Care Act Stream – ensuring ASC is compliant with new legal duties.

- AIS Upgrade – potential of upgrading AIS to latest version or move to another provider.

Business Services

Recently Completed

- EMS 1 Migration – was an externally hosted solution which has now been moved in house to our internal environment, with potential for significant savings and increased performance.
- Application Deployment Database – a database created to hold information relating to new application deployment.
- Digital Signature Solution – providing a digital replacement to the previous paper based system of sending letters to staff with the expectation they sign and return formal correspondence.
- .Net – providing a platform modern, stable for future development of applications with resilient fail over solution
- Closure of Runnymede Centre - decommissioning of all IT and Telephony installations at the Runnymede Centre; removal of servers and all other redundant IT kit and equipment.
- Execview – implemented state of the art EPPM project portfolio management tool.

In Progress

- Woking Magistrates Court - Overall to refurbish unoccupied building for use for Coroner and staff, IMT to implement IT equipment to provide access to Surrey Police and SCC data and telephony.
- HR Case Management System - to deliver an HR-specific Case Management System to replace (and enhance) the current functionality offered by Achiever.
- Print Management Solution - to implement a Managed Print Service (secure pull-print release printing and photocopying using multifunctional print devices) across 240 SCC sites.
- MeetingSphere pilot - the overall purpose of this project is to provide a pilot of Meeting Sphere in order to assess the overall demand of such a tool within SCC.
- Video Conferencing - the purpose of this project is to deliver video conferencing facilities within County Hall for use by senior management.
- Property Asset Management System (PAMS) - this system will support all areas of service delivery in EPM which directly affects the ability for front line services to deliver their services. IMT providing support in the process improvement, procurement, and implementation stages of this project.
- Work Space Management System - to assist in project to scope options for workspace management system to support all aspects of Smarter Working, produce specification and source, including implementation of chosen system.
- Nedap - The basis of the request is that all SCC main buildings have an access system using Nedap software. Each building's system is currently managed independently. IMT are tasked with migrating all these systems so that they sit together on one server at the Data Centre, and so that they can be managed as one. This will also link in and run in tandem with the 'follow me printing' project that is currently being developed. IMT is required to manage and organise the migration of the individual buildings' access control systems to the Data Centre.

- Bi-borough Mobilisation - SCC have been successful in being nominated as the preferred supplier to run the pension payroll service for the bi borough councils of Hammersmith & Fulham (LBFH) and Kensington & Chelsea (RBKC).
- Upgrading from Citrix v4.5 to v6.5
- Active Directory Implementation - To improve the stability, availability and resiliency for end users and to ensure a consistent end user experience across the whole environment. 2) To provide enhanced integration with other councils by moving to a more commonly used identity and authentication platform based on Microsoft Windows. 3) Migrating to Windows Active Directory will enable SCC to run future Microsoft projects like RDS/Citrix and ADFS.
- Replacement of Blackberrys with Smartphones - 1. To procure sufficient MobileIron licences for known and future growth 2. To procure external resource to assist with the recall and replacement of BlackBerry devices 3. To trial Samsung phones to ensure they can be securely deployed with MobileIron and replace Blackberrys 4. To replace Blackberrys 5. To replace Good on iPads with MobileIron 6. To decommission BES servers to reduce costs.
- Cisco Cloud Contact Migration - There are a number of helpdesks in operation within the council that currently use the BT Cloud Contact/Next Generation Cloud Contact (referred to as BTCC or NGCC) automated call distribution system. Due to concerns about the reliability of BTCC, stakeholders in the services and the IMT Leadership team have asked BT to migrate the teams onto the alternative BT supplied Cisco Cloud Contact solution.
- Onboarding of Guildford BC, Reigate and Banstead BC and South Oxfordshire and Vale of White Horse' IT in to SCC primary data centre.
- Asset Recall - to recall all unused IT kit from around the county, including laptops, IGELs, desktops
- WiFi Rollout to UNICORN - Public, Guest, Corporate & PSN Roam WiFi rollout to Surrey sites.
- Good to MobileIron Upgrade - To identify Good iPads and upgrade with MobileIron. To identify all other devices with Good installed and propose approach for upgrade to MobileIron as further stages of the Good MobileIron upgrade

Chief Executives Office and Customers & Communities

Recently Completed

- Migrate Data from WISDOM to Norwel – extracted legal data from current system WISDOM to import into Norwel
- Aqua – Online Enrolment for Adult Learning - enabling online booking and payments for Adult Learning courses through the existing course finder application.

In Progress

- Surrey-i Consolidation with Find my Nearest - To complete a consolidation of Find My Nearest and Surrey-I. Although both systems use the same underlying technology (I-Share) provided by Astun technology, they are hosted separately, with the Find My Nearest services hosted internally within the SCC network on a publicly facing website and Surrey-I hosted on a Rackspace server administered by Fluent (GIS is only a component of SurreyI). As an identified efficiency saving, these services can be consolidated into a single server that operates two separate workspaces. The advantage of doing this will offer simplified data management, with a single server linking to backend databases, a smaller security domain for control with all data hosted internally and a consolidated relationship with Astun with associated cost savings.
- Joint Trading Standards with Buckinghamshire County Council - To participate in a working group established as part of a service project concerning the feasibility of a joint Trading Standards service with Buckinghamshire County Council. The working group aims to establish which IT systems, databases and remote/online access are used to support and deliver both services. Identify which of these are essential and/or add value to the service. Compare and contrast the use of IT and “culture” of both services.
- Minerva Replacement with Paritor - To replace the Minerva music tuition system with Paritor Ensemble Enterprise
- Achiever Upgrade - Upgrade of achiever call logging software for Shared Services, Legal duty Desk an HR Duty desk
- Enhanced Events Booking - To provide an in-house IMT developed Events Booking system to supplement the recently implemented Registrar's System, (ORBIT) which has limited functionality. This project comprises 4 additional event booking work streams. The first 2 work streams to be developed include Ceremonies and Libraries, as they are income generators to SCC, and are therefore deemed higher priority than Surrey Youth Games and Youth Booking. Ceremonies and Libraries will also have a new financial interface to SAP developed thereby creating better financial modelling and management for SCC.

Public Health

In Progress

- Public Health Database Procurement - SCC and East Sussex Public Health Teams require support from IMT during the procurement and rollout of a specialist database, which will be used for monitoring and managing Public Health contracts. IMT will provide support during the entire lifecycle of the project i.e. requirements gathering, procurement, stakeholder engagement and implementation. Royal Borough of Kingston recently expressed an interest in joining this procurement exercise.

Children Schools and Families

Recently Completed

- CJSM Access - To provide access for Children, Schools & Families to the criminal justice secure mail system.
- Careworks Upgrade – Build of new servers to allow for upgrade of current Careworks database.
- Virtual Schools Data Synchronisation - This project automated a workflow in order to improve the currency of the data whilst saving valuable staff time and reducing the possibility of typographical errors being introduced. This automation has been achieved by using a robotic piece of software procured from NDL. The software provides a non intrusive way of integrating systems. It is used to update 'Looked After Children' (LAC) records held in EMS ONE LIVE using an ICS extract file. The updates are carried out on a nightly basis.
- SIMS for Surrey Virtual Schools for Children in Care - upgraded the SIMS database to the new support SQL 2012 platform
- AS Contact Database with reporting function - To provide a contact database with reporting functions for keeping track of Active Surrey's funding organisations

In Progress

- LADO Database - to provide a secure method of data management for maintaining information on the actions of adults who work with children in Surrey
- School Admissions and Transport Measurements – IMT GIS team to further tool from original request, to install further automation to have a GI system which is fully integrated with the admissions database
- CSD Housekeeping and Reporting - This project is reviewing the current processes that produce the monthly Performance Management Framework reports for Children's

Services senior management. The objectives are to ensure that all required source data is stored centrally in the LCS system and staff are supported by a common, efficient technical solution which improves quality of both data and its presentation, avoids duplication and minimises effort.

- Youth Technical Services - A case management and electronic record system to both plan, record and review the assessment, planning and intervention of young people who are (or at risk of being) not in education, training or employment [NEET] or involved in the criminal justice system and who are receiving a casework service from the Youth Support Service (YSS). An integrated electronic document and records management solution is also required to store the limited hard copy recording conducted by Youth Support Service in the delivery of a casework service.
- FEET (Free Early Education for Two Year Olds) & EYFE - The project objective is to develop and rollout a holistic I.T system that supports FEET and EYFE business processes as specified in the agreed user stories.
- ICS Protocol Server Upgrade - The purpose of the project is to upgrade all of the current LCS infrastructure, and grouping all of the social care applications such as Wisdom, Kofax, LCS and eventually ContrOCC into high availability hardware to enable better resilience and the latest hardware and operating systems for all applications.
- eCAF - The eCAF (electronic Common Assessment Framework) project aims to meet the requirements for effective assessment of need for Early Help. The project aims to deliver an electronic solution that replaces the current As-Is paper-based CAF process, an eCAF solution with reporting capability was secured/procured by SCC in 2010 and the supplier Liquid Logic will work under an agreed Service Pack to deliver the solution in an agreed time-frame.
- CSF Hub - To develop an Information Sharing and Management Solution for Children Schools and Families directorate, providing a tool to facilitate multiagency working, improved information sharing efficiency and early intervention across the directorate and potentially with partners.
- Participation Database Evaluation - To provide a briefcase module that will allow secure access to information regarding the youth they work with.
- Electronic Payment and Invoicing Service – providing Surrey residents with e-suite payment functionality for SSCB training.
- Online Infographics Application - request is for an Infographics application to better pictorially communicate complex information.
- Electronic Social Care Record (ESCR) Children - The implementation of ESCR will assist in improvement of processes to manage Information Governance, and the development of processes required to achieve compliance for Information Access. The decreasing use of hard files and focus on electronic recording will ensure that relevant information is sited in one place and electronic storage will speed the redaction process. ESCR will assist in the sorting and tracking of information and inform conversations with partners in terms of channels and processes for the transfer of information in a more timely way. A key strategic focus is that of developing the Knowledge Management agenda. A central collation of information will contribute to the scoping of available information and how it is to be extracted from the range of systems, which are accessed across the Directorate.
- Controcc Phase 2 - ControCC Phase 1 was implemented in the live environment in April 2013 to replace the functionality found in Swift to make payments to Foster carers and adopters. This has been successfully running without any issues, and so the service has decided that they wish to implement further elements of ControCCs functionality to begin making cost savings. The next element to be implemented is the direct payments

function. Following the successful implementation of this, it is then envisaged that Agency payments will be made through the contrOCC system.

- Youth Centre Upgrade - To provide a standard hardware and software platform for Surrey's Youth Centres. These devices are for the use of Surrey young people and not staff devices.
- Training Controller App - Application review for the CSF Trainer Controller App, which doesn't work with Windows 7 / Citrix reliably. Request received from "Better place to work" initiative.

Environment and Infrastructure

In Progress

- Highways IT Transformation - SCC Highways is commencing a wholesale review of the non-Corporate IT products and providers it uses for delivery of its services. These are broadly 3-fold and cover: Iteration or replacement of Software Applications by Highways Service providers. Transfer of responsibility of a Software application from a Service provider to SCC (potentially including tendering for new software). Implementation, iteration or replacement of existing SCC Software applications (including those covering multiple services such as CMS). SCC Highways require a Project Manager who will be aligned to the Highways structure to deliver the above projects for a period of 12-18 months
- Yotta Horizon - Procurement of Highways Asset Management System "Yotta Horizon" solution that is able to collate all assets data and produce a holistic view in the mapping solution. A GIS system is required that has the ability to view and interrogate Highway Asset data from a variety of sources including;
 - Machine and tablet collected inventory and condition data
 - Bridgestation
 - Asset Geodatabase
 - Maximo works ordering and CRM system
- LMS Server Upgrade - A new server for the Laboratory Management System (LMS) this will improve mobile working as this is a Web based solution. The need to improve current Laboratory Management System for future service development and mobile working. Improvements to laboratory accountability & enable onsite access to LMS and better management reporting and reports.
- CAMs and SMR / HBSMR - The requirement for this work is similar to and closely linked with that for the Highways defect reporting. The work entails an interactive map for customers to log right of way faults / defects. There will also be a back end text data and map management system designed to simplify and automate the task of maintaining Rights of Way. Service has investigated a number of systems, including the market leader Countryside Access Management System (CAMS).
- Trees Defect Reporting Phase 2 with PAMS Integration - To develop the reporting functionality from the data held in the ARCGIS database. The reports are key to the effective management tool of both the arboriculture contracts and tree risk management; it will enhance our ability to deliver our statutory obligations, reduce risk and improve our contract management and associated costs thereof. Once implemented, give greater visibility of the captured graphical and textual data both internally, and to our partners outside the organisation and this development will give us improved processes and better information that will enable us to negotiate better value from future contracts.

Surrey Fire and Rescue

In Progress –

- Surrey Fire and Rescue CRM - Surrey Fire and Rescue Service required a software package (CRM) to support both its Protection and Prevention activities this includes a number of functional tasks that are carried out by all staff within SFRS. Also to ensure Fire Officers are more mobile the CRM can be accessed through an App on a iPad.
- Secondary Control Salfords - A new fire station and command and control centre is to be commissioned next to Redhill/Salfords IMT Primary Data Centre. IMT's involvement in the project will be to connect the new command & control centre to the redhill data centre and implement Vision 4 which is the application SFRS use for 999 calls.
- Fire Station Builds - SFRS have recieved government funding for upgrading / new build fire stations. IMT's involvement is assist in the connection and desktop refresh of these projects.
 - Guildford - In Progress
 - Banstead - In Progress
 - Woking - Start Sept 2015
 - Spelthorne - Start Sept 2015
- Firewatch Integration to SAP Systems - The outcomes will be to provide the FireWatch client to the end-users desktop and to provide a stable and resilient working environment for the FireWatch database in the Datacentre. IMT are required to create the new Virtual Windows server (2003 minimum) and SQL server (2005 minimum) environment.
- SFRS Vision 4 Upgrade - Vision is the Fire & Rescue Service software that supports the Operational 999 calls and this needs to be upgraded to v4. The infrastructure that currently supports this is located at Reigate SFRS HQ, but as part of the upgrade the intention is to implement the new infrastructure within our datacentre.

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Briefing Note:

Information Risk Governance Board (IRGB)

This briefing note provides a breakdown of the terms of reference and Information Risk Governance Board composition. The Information Risk Governance Board will comprise of the council's Senior Information Risk Owner (Responsibility has been delegated to the Head of IMT). Other perspective candidates include representatives from a cross section of business area, the council's Information Governance and Risk Manager and IMT Network and Security Manager's (please see Table 1. for a breakdown of proposed board composition). The board will report directly to the council's senior information risk owner. IRGB will convene bimonthly (every 8 weeks) and report quarterly to the Senior Management Team.

Terms of Reference

The Board will;

- ensure that the council has effective policies and management arrangements covering all aspects of Information Risk Governance in line with the council's overarching policies and compliance frameworks
- ensure that the council undertakes regular (quarterly) assessments and audits of its Information Risk Management position.
- provide strategic oversight on Information Security and Risk Management across the council
- establish an annual Information Risk (including information security) and Governance Improvement Plan (based on the council strategy), secure the necessary implementation resources, and monitor the plans outcomes.

- receive and consider reports into breaches of confidentiality and security and where appropriate undertake or recommend remedial action (strategic level).
- report to the Corporate Management Team on Information Risk and Governance issues.
- liaise with other local authorities, working groups and partners in order to promote Information Security and Governance issues.
- have corporate oversight of all Information Risk and Governance related risks.

Table 1: Board Composition

Detail	Department / Directorate	Position
Paul Brocklehurst / Morgan Rees	Information Management and Technology	Head of IMT and Network / Security Platform Lead
Grisilda Ponniah	Chief Executive Office (Legal and Democratic Services)	Corporate Information Governance Manager
Lorraine Juniper and John Wood	Adult Social Care (Policy and Strategy)	Senior Manager / Assistant Director Transformation
Mark Iron	Customer and Communities	Head of Customer Services and Communities
James Brown	Children Schools and Families	Head of Performance and Knowledge Management
Paul Wheadon	Environment and Infrastructure	Commercial and Performance Team Manager
Sue Lewry-Jones	Chief Executive Office (Policy and Performance)	Chief Internal Auditor
Emily Boynton	Business convince Services (HR and Organisational Development)	HR Relationship Manager
Helen Leech	Culture and Communities	Virtual Content Manger
Allen Wells	Legal	Lead Manager Legal

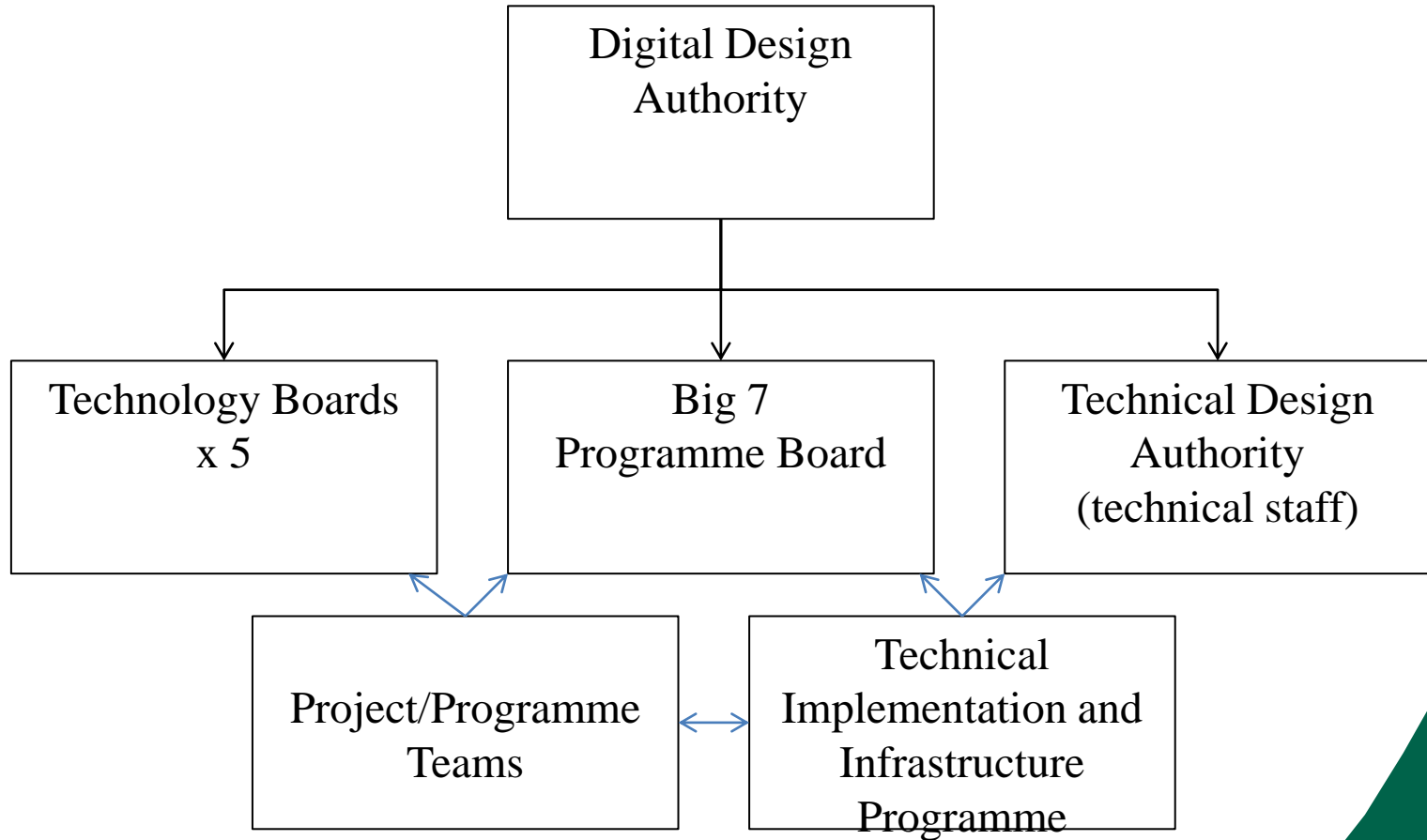
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Projects, Customer Engagement and Governance

Some facts

- 85 projects delivered in the last 12 months
- 110 IT projects currently being worked
- 47 projects awaiting start (pipeline)
- 45 projects due for delivery for next 90 days
- 17 IMT Project staff managing the projects
- 3 programme managers – Digital, Modern Worker Implementation and SEBBs
- SEBBS projects in planning
- Development, Project and Programme office teams currently being realigned to maximise use of current resource
- Recently introduced Execview (project portfolio management), to support Retain, TRS (time recording system) tools used for governance and ensure efficiency
- Key to our success - virtual teams made up of project, technical and service staff support successful delivery
- New Programme approach to maximise use of available resource

Governance



Service - Technology Boards

Function:

Produce and manage service IT strategy along side IMT Solution Architects.

- Prioritise IT projects and workplan – Service specific
- Review customer request forms (CRFs) – feed into programme of work
- Feedback CRF decisions to Service
- Communicate to wider service reps for Business Change
- Ensure wider implications are managed – i.e. People, Process and Technology
- Sign off technical and business design approach.
- Escalate any issues to Digital Design Authority.
- Communicate strategy within service .

Members:

- Service Reps
- IMT Solution Architect
- IMT Project Manager
- Senior Manager from Service - to Chair Board

ASC Replacement system

Next 90 days

- Review of ESCC contract – underway
- Review of current AIS projects – underway
- Review of suppliers in market – underway
- Review of specification – underway
 - Against digital strategy
 - Against business architecture (across services)
 - Against technical architecture
- Update business case – in draft
- Develop PRG form and take to board – allocated
- Complete and present Cabinet report - TBC
- Develop exit strategy for Northgate - drafted
- Start the project !

How can you help

Actions :

- Work with us on your service IT strategy
- Have a lead for customer request forms (CRFs)
- Joint project teams – Service and IT staff working together
- Ensure you communicate CRF decisions to Service
- Support your service tech board – membership is key to success.
- Communicate IT strategy to your service
- Invite us to your leadership and management meetings .
- Business change is about People, Process and Technology
- virtual teams work – service staff are critical to a project team

Security Review - What is it?

- The security review is a re-evaluation of our Security Policy, training, Internet , access from home equipment and review of supporting Security technology
- Our current organisational model means we have PSN across whole network / one size fits all an alternative model could be; that we think from the individuals perspective: what are the services these individuals need to access?
- IMT are trying to make our services more flexible where we can, yet keep those who need to be secure; Secure!

Why are we doing this?

- We want to be able to communicate and share data with our partners
- We want to respond to requests from the services to Open up and relax internet access
- We want to allow flexibility for staff who do not need ‘PSN’ services to use their own equipment to access IT systems
- We want to maintain PSN compliance but not stifle info sharing and the use of modern technology
- We want to reflect the SCC Core Values – we have ‘Listened’ to the requests to review security and we are ‘Trusting’ staff to be ‘Responsible and Respectful’ with the proposed changes.

How are we making changes?

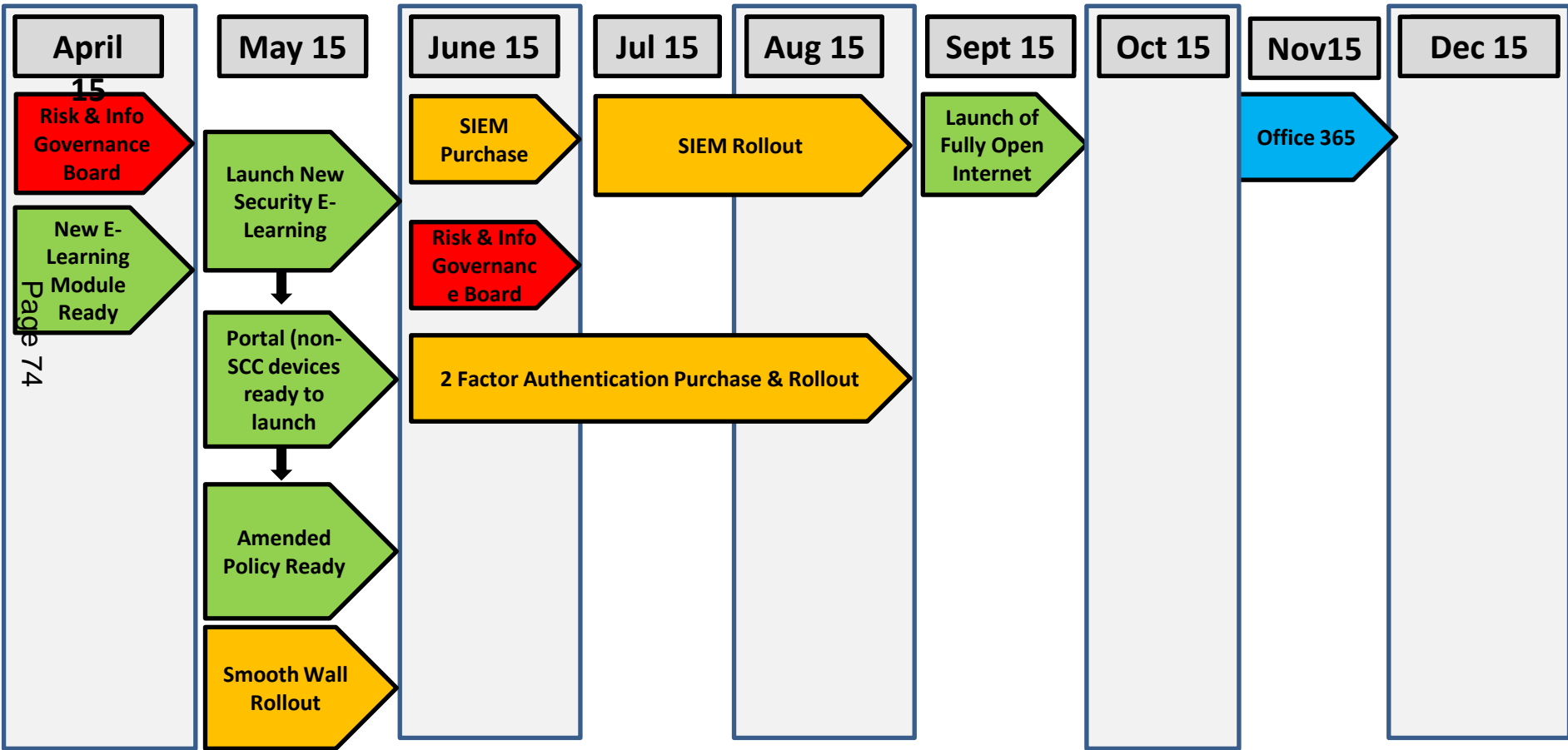
Short term:

- Launch new 'shorter' policy
- New Security e-learning module
- Open the internet to all staff to the Web 2.0 sites – Facebook / Twitter / You tube / Twitpic (and others)- approx 1000 staff already have access to these via Web 2.0
- SAP portal launch for staff to use on own equipment – leave / training / expenses
- Rolling out a product called Smoothwall to all staff to allow IMT staff to monitor usage easily.

Longer term

- Open internet further (all sites apart from inappropriate / malicious / malware etc)
- Access to Surrey Apps on home kit – O356 – mail / word / excel / S-net
- Start to look at data classification and where we store our data secure and non secure
- Implement further Security and Incident and event management software
- Provide more applications for staff to use securely on corporate mobile devices or home equipment.

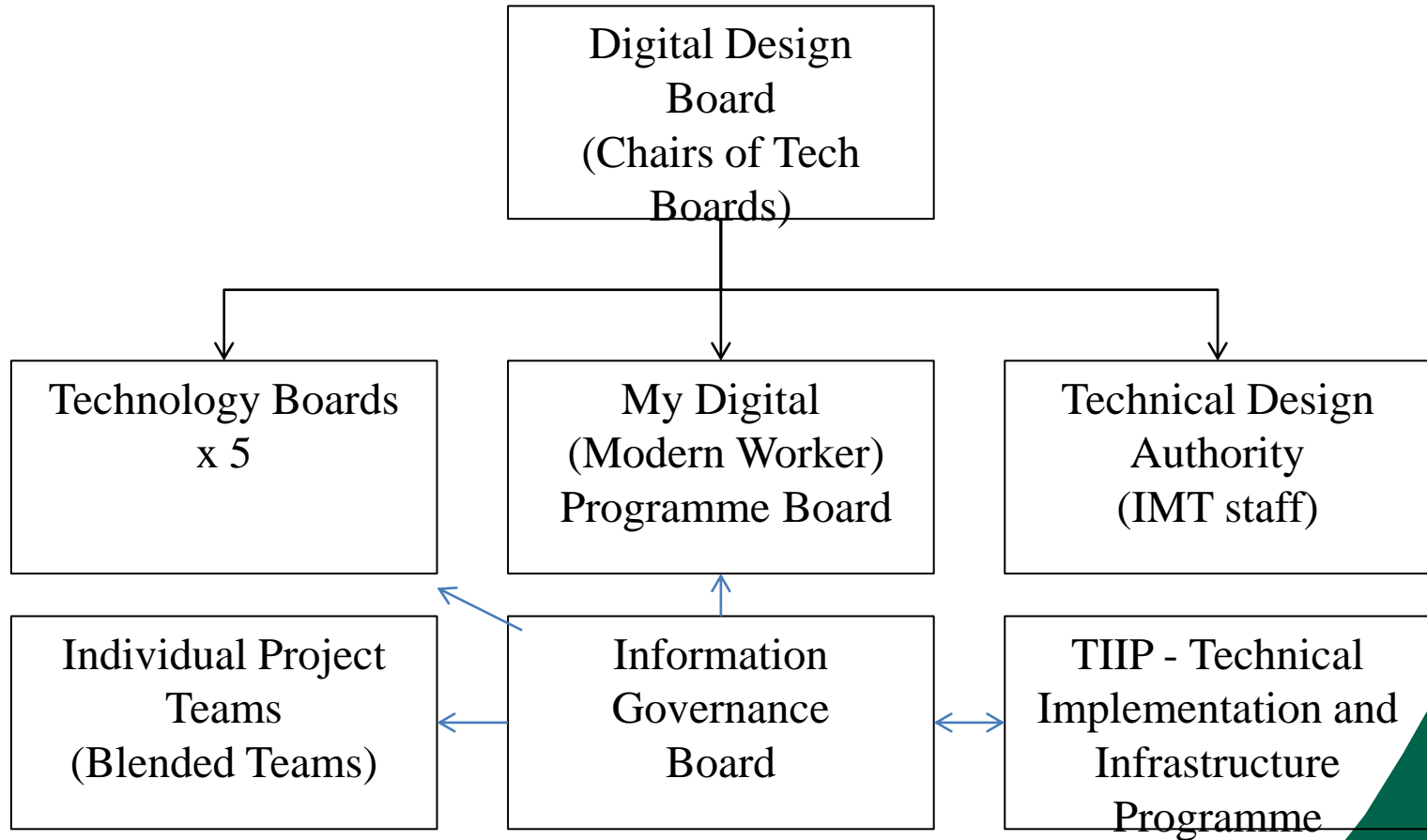
Security Deliverables Timeline



Page 74

- Meeting / Decision
- Launch
- Procurement
- Dependant Projects

Governance



Controls and Managing Risks ...

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Information
Governance

Business - Technology Boards

Function:

Produce and manage service IT strategy along side IMT Solution Architects.

- Prioritise IT projects and workplan – Service specific
- Review customer request forms (CRFs) – feed into programme of work
- Feedback CRF decisions to Service
- Communicate to wider service reps for Business Change
- Ensure wider implications are managed – i.e. People, Process and Technology
- Sign off technical and business design approach.
- Escalate any issues to Digital Design Authority.
- Communicate strategy within service .

Members:

- Service Reps
- IMT Solution Architect
- IMT Project Manager
- Senior Manager from Service - to Chair Board

Modern Worker Implementation -Programme Board

Function:

- Monitor progress and inter-dependencies between the key projects.
- Review communication strategies and plans.
- Separate meeting (similar to TIIP) for technical issues
- Agree technical design approach.
- Escalate any issues to Technical Design Board
- Communicate strategy with directorate leads and Tech Boards.

Members:

- Bron Robinson (Programme Manager)
- SLT (Senior Supplier)
- Service rep(s) Customer Engagement Group (Senior User)
- Paul Brocklehurst (Project Executive)
- Diane Jordan (Quality Assurance)
- Chris Millard (Digital Assurance)

Modern Worker Technical (TIIP)meeting

Function:

- Similar to TIIP
- Monitor technical progress /inter-dependencies between the key projects
- Plan and monitor IMT staff training (handover).
- Review communication strategies and plans for IMT staff.
- Promote joint working across IMT teams.
- Ensure projects meet the design principles (with Solution Architects).
- Escalate any project issues to Project and Programme Managers

Members:

- Andy Grogan (Chair/Senior Supplier)
- Programme Manager
- Tom Richardson - Programme Technical Lead
- Technical Leads from each project
- Technical Implementations team

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Controls and Managing Risks ...

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PMO

Technology Board

Programme Board

Information Governance Board



Controls and Managing Risk

1st Gateway – Programme Management Office

- Initial Customer request form identifies any risks
- Logged on pipeline and reviewed for risk and fit to architecture

2nd Gateway – Technology Board

- Risks and controls managed by project manager using Prince2 or Agile project management processes, escalated to board as appropriate

3rd Gateway-Modern Worker Programme Board

- Overview of escalated project risks and controls managed by Programme manager using Prince2 or Agile project management processes – presented, reviewed and action as appropriate

4th Gateway – Information Governance Board

- Risks and controls to IT security project – day to day management by Project Manager – escalation to Board



Audit & Governance Committee
28 May 2015

Completed Internal Audit Reports

SUMMARY AND PURPOSE:

The purpose of this report is to inform Members of the Internal Audit reports that have been completed since the last meeting of this Committee in April 2015 - as attached at Annex A.

Although it is not the Committee's policy to review all Internal Audit reports in detail during the meeting, full copies of the reports summarised have been provided to Members of the Committee and are available through the Members' on-line library.

RECOMMENDATIONS:

The Committee is asked to consider whether there are any audit reports or management action plans that it would like to review further and whether there are any matters they wish to refer to the relevant Select Committee.

BACKGROUND:

- 1 At the conclusion of each audit review a report is issued to the responsible manager who is asked to complete an action plan responding to the recommendations.
- 2 The return of a management action plan (MAP), which in the auditor's opinion adequately addresses the report findings and recommendations, signals the end of the audit process. Any follow up work required forms part of future audit plans at the appropriate time.
- 3 There have been nine audit reports issued since the last report to this Committee in April 2015. The table below lists those audits and shows the audit opinion and number of high priority recommendations included in the Management Action Plan.

	Audit	Opinion	Number of recommendations rated as High Priority
1	Direct Payments - (Children's)	Some Improvement Needed	0
2	Public Health	Some Improvement Needed	0
3	Treasury Management	Effective	0
4	Better Care Fund	Effective	0
5	Social Care Debt - Credit Balances - follow-up review	Significant Improvement Needed	0
6	Care Act Preparedness	Effective	0
7	Accounts Payable	Effective	0

8	Waste Management & Minimisation	Some Improvement Needed	1
9	Revenue Budget Control	Effective	0
10	Telecare	Some Improvement Needed	1

- 4 Annex A contains more details of the audits listed above and shows for each the:
- title of the audit
 - background to the review
 - key findings
 - overall audit opinion
 - key recommendations for improvement
- 5 The Committee will be aware that in order to respond to general Member interest in Internal Audit reports it has previously been agreed that a list of completed reports will be circulated to all Members of the County Council on a periodic basis.
- 6 In order to fully discharge its duties in relation to governance the Committee is asked to review the attached list of recently completed Internal Audit reports and determine whether there are any matters that it would like to review further or if it would like to suggest another Select Committee does so.

SELECT COMMITTEE REVIEW:

- 7 There are no plans for Select Committee scrutiny of any of the above audit reports.

IMPLICATIONS:

- 8 Financial Equalities
Risk management and value for money
- 9 There are no direct implications (relating to finance, equalities, risk management or value for money) arising from this report. Any such matters highlighted as part of the audit work referred to in this report, would be progressed through the agreed Internal Audit Reporting and Escalation Policy

WHAT HAPPENS NEXT:

- 10 See Recommendations above.

REPORT AUTHOR: Sue Lewry-Jones, Chief Internal Auditor, Policy and Performance

CONTACT DETAILS: telephone: 020 8541 9190 e-mail sue.lewry-jones@surreycc.gov.uk,

Sources/background papers: Final audit reports and agreed management action plans

Completed Audit Reports (April - May 2015)

Annex A

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Direct Payments (Children)	<p>Direct Payments (DP) are cash payments made to people who have been assessed and are eligible to receive services for their disabled child from Surrey County Council. The payment replaces some or all of the services that a social worker would otherwise arrange.</p>	<p>The Auditor found the arrangements for DPs in Children's Services well managed. The paperwork returned is of a high quality and reasonably up to date. Both finance and support staff communicated well and addressed any issues they identify in a timely manner.</p> <p>The Auditor found that there was a backlog of social care reviews. The Service provided a report to the Auditor that indicated that of 317 DP recipients with dates recorded 133 exceeded 200 days since their last review, and 33 exceeded 1 year since their last review.</p> <p>The service is committed in policy to a 6 month minimum period between reviews. Further detailed checking by the Auditor found that over half of the children examined had exceeded that timeframe. In all instances there was regular contact with the DP recipient and informal oversight. As such this is not a safeguarding issue but failure to meet procedural commitments could damage the reputation of the council.</p>	Some Improvement Needed	<p>Management should take action to improve the data quality regarding recording of reviews on ICS. This could include a message to team managers letting them know that this has become an issue, training where required to ensure staff know how to properly record reviews and management should regularly check the report of 'last review dates' following up any which are falling behind. (M)</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Public Health	<p>Surrey County Council (SCC) is responsible for a number of Public Health functions including providing professional advice to other council services, the Clinical Commissioning Groups (CCGs) and the 11 district and borough councils. The Public Health service works across a number of key areas of health intelligence, health improvement and health protection for Surrey residents.</p> <p>The Surrey Public Health Service Plan sets out the Public Health vision and aims over the coming years. The plan includes priority objectives and outcomes to deliver in 2014/15.</p>	<p>Good progress has been made by Public Health for many of its priority objectives.</p> <p>The content of the preventative plans vary. Many of the risk assessments in the plans contained a description of the risk, scored it as high risk but recorded no mitigating actions. Others commonly did not clarify the impact of the planned actions. Milestones were also absent in many cases.</p>	Some Improvement Needed	Public Health and the CCGs should ensure that on-going development of prevention plans include the related risks, funding requirements and the updated targets (M)

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Treasury Management	<p>Treasury Management (TM) within Surrey County Council (SCC) is concerned with:</p> <ul style="list-style-type: none"> • cash flows, banking, money market and capital market transactions; • the effective control of the risks associated with those activities; and • the pursuit of optimum performance consistent with those risks. 	<p>SunGard is a portal used to deposit monies with individual money market funds from SCC's counter parties list. The Auditor noted that one person could both set up new organisations able to receive SCC investment deposits in SunGard and also affect such payments without secondary authorisation controls being built into the software.</p> <p>To operate TM functions off-site in a disaster recovery situation would require staff to have "watchword" (on-line banking access and authentication) devices off-site also.</p> <p>Liquidity risk is managed in part by ensuring that daily cash balances remain above £15m. Although the total cash deposit balance remained above £15m throughout the year, the SCC bank account went overdrawn by accident six times during the year.</p>	Effective	<p>The Strategic Manager for Pensions and Treasury should not be able to use SunGard to affect the transfer of deposits. (M)</p> <p>Treasury Management should consider the arrangements for holding two devices off-site to ensure that business continuity can be enabled if required. (L)</p> <p>Seek to minimise instances of bank accounts becoming overdrawn. Where issues occur, a clear account of the reason for the instance should be recorded. (L)</p> <p>Two further low priority recommendations were agreed.</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Better Care Fund	<p>The Better Care Fund (BCF) is a national programme which creates local pooled budgets to support and enable closer working between the NHS and local government.</p> <p>The BCF comes into full effect in 2015/16 and builds on the 'Whole System's Partnership' allocation and plans for 2014/15. The total funding for Whole Systems Partnership (WSP) allocation was £18.3m for 2014/15; and the BCF for 2015/16 is £71.5m.</p>	<p>The Surrey Better Care Fund Governance Framework (2015/16) was approved by the Better Care Board (BCB) in November 2014.</p> <p>Surrey County Council will be the host for the BCF. The total pooled budget for 2015/16 is £71.4m. The partners confirmed that they will establish S75 agreements for each of the CCG areas. These agreements will confirm the flow of funds into the pooled budgets.</p> <p>The Health & Wellbeing Board approved the BCF Plan 2015/16 on 8 January 2015. The BCF of £71.4m will support the delivery of Surrey's Joint Health and Wellbeing Strategy. It will impact on these priorities;</p> <ul style="list-style-type: none"> • Improving older adults' health and wellbeing; • Developing a preventative approach; and • Promoting emotional wellbeing and mental health. 	Effective	There were no recommendations arising from this review.

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Social Care Debt – Credit Balances – follow-up review	<p>Surrey County Council receives income on behalf of social care clients from a number of sources including pension collect income, which is pension monies paid by the Department for Work and Pensions to the council where the council is the Corporate Appointee for the client's affairs.</p> <p>A credit balance may arise for a number of reasons including an overpayment of benefits, a reassessment of care charges or periods where care has been charged but not provided.</p> <p>An audit of Social Care Debt – Credit Balances, completed in November 2013 found numerous control weaknesses and this follow-up audit was planned to ensure appropriate action had been taken to address the audit recommendations made.</p>	<p>The follow-up review has identified evidence that seven of the eight recommendations from the previous audit have been completed. The recommendation for a need to investigate all material credit balances on deceased client's accounts has not been implemented. A lack of resources has meant that this work did not start in 2014.</p> <p>As at February 2015 the level of deceased client credit balances is in the region of £187,000 of which approximately £90,600 is held in a suspense account and the remainder is held in client accounts. The level of credit balances has increased by 13% since the November 2013 review.</p>	Significant Improvement Needed	<p>No new recommendations were made.</p> <p>Recommendation outstanding from previous (November 2013) audit:</p> <p>A systematic approach should be adopted to manage deceased client credit balances. All balances including those in the suspense account must be investigated (H).</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Care Act Preparedness	<p>The Care Act sets out fundamental changes to adult social care.</p> <p>The first set of reforms, implemented in April 2015, include: a new duty to provide information and advice; ensuring carers' rights are equivalent to those cared for; and the responsibility to meet the care needs of prisoners within Surrey.</p>	<p>Appropriate means of project management have been used to ensure requirements of the Care Act were implemented by April 2015.</p> <p>The model to deliver care services in prisons is in line with other councils. The delivery of the service on a pilot basis is reasonable and allows the council to respond to demand and improve the service in 2016.</p> <p>Continuation of the existing arrangements should ensure the remaining requirements of the Act are met in April 2016.</p>	Effective	No recommendations made.

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Accounts Payable	<p>Surrey County Council makes payments on a regular basis to suppliers for goods and services procured.</p> <p>In view of the significant amount of expenditure incurred, the Accounts Payable system is a key financial system which is subject to annual review by Internal Audit.</p>	<p>The three-way match between Purchase Orders, invoices and receipting documentation is the fundamental approval to pay control. Audit testing confirmed that the three-way matching process is effective.</p> <p>Controls over the authorisation of high value payments which need referring to very senior management are operating effectively.</p> <p>Specialist software is used to identify possible duplicate payments. Currently only 1.5% of all invoices identified as being potential duplicates are investigated. This sample is selected using a mix of professional judgement and the risk rating attributed by the software.</p>	Effective	A greater number of the potential duplicate payments flagged up should be reviewed in detail. The results of this testing should be tabulated at different sample sizes over a period of 3 weeks and then be considered further. (M)

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
<p>Waste Management and Minimisation</p>	<p>SCC as the waste disposal authority entered into a 25 year contract with SITA Surrey Ltd in 1999 for managing the waste collected by the districts and boroughs in Surrey. The contract has had a number of variations in the last 15 years including the most recent one to build an Eco Park to manage waste as a resource. SCC has been receiving a PFI grant from DEFRA since 1999 with a view to developing waste infrastructure.</p> <p>This audit reviewed the arrangements that were introduced in the last 18 months in order manage and minimize waste.</p>	<p>The National Audit Office (NAO) reviewed 3 PFI contracts including SCC and found that the involvement of a number of government departments over the years led to unclear guidance causing confusion to local authorities.</p> <p>Although beneficial work is done by the Surrey Waste Partnership (SWP) members, the buy-in for realising the full benefits across SWP is limited at present due to the 12 authorities in SWP having their own contracts for waste collection and recycling.</p> <p>Implementation of the IT system (IWDMS) which SCC took a lead in implementing across all SWP members, has been delayed</p> <p>Various Committees within SCC have been regularly updated with the progress made in the last 18 months and have approved the revised Joint Municipal Waste Management Strategy (JMWMS) (2015) and approved the VFM assessment by the Director of Finance to start work on the Eco Park.</p>	<p>Some Improvement Needed</p>	<p>The Leadership within each SWP member authority should agree to delegate sufficient authority for SWP to operate effectively, meet the targets set and realise the benefits. (M)</p> <p>The above recommendation should also enable an integrated waste management system to operate across the SWP.</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Waste Management and Minimisation (Cont'd)		<p>The Action Plan linked to the JMWMS has 12 work streams but no risk register to monitor progress.</p> <p>The delay in meeting the conditions and obtaining all the required permissions for the Eco Park has resulted in SCC incurring additional costs even before starting work.</p>	Some Improvement Needed	<p>Risk registers should be established to monitor progress against work streams in the Action Plan. (M)</p> <p>The amount of additional costs should be determined in order for SCC to budget for the construction of the Eco Park. (H)</p>
Revenue Budgetary Control	<p>The revenue budgetary control system is a key financial system which is subject to annual review by Internal Audit.</p> <p>Sound revenue budgetary control is vital to the Authority achieving its objectives within increasingly tight financial resources.</p>	<p>The Authority has robust overall processes for setting its annual budget and an innovative risk-based prioritisation of budget monitoring. This system generally works well with budget risk ratings being reviewed annually. The Council forecast an improved revenue position for 2014/15 as at the end of February 2015 with a £13.4m underspend, up from the £7.8m underspend reported at 31 January 2015.</p> <p>The principle of budget holder responsibility for budget monitoring may not be best supported if Finance staff undertake too much basic budget monitoring work on behalf of Services.</p>	Effective	<p>Services should now be expected to become increasingly self-sufficient in using the budget forecasting tool and submitting financial reporting numbers and narrative for their budget monitoring process. Finance staff should continue to focus on supporting Services with more strategic aspects of monitoring and budget setting. (L)</p> <p>There were three other low priority recommendations.</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Telecare	<p>Telecare is the delivery of home-based care solutions via the use of remotely monitored sensors in individuals' homes. These sensors cover a range of possible care concerns such as falls, medicine monitoring, wandering and fires to name a few.</p> <p>By having a system of automated quick care response, users are empowered to remain in their home whereas previously they might have required higher cost, more intensive care settings.</p>	<p>While SCC is the commissioner of Telecare, the service is provided through the districts and boroughs who arrange the installation and provide the network needed to send/receive alerts.</p> <p>At the time of the audit the service level agreements (SLAs) with the districts and boroughs for this service provision, had expired and all the original documentation could not be located.</p> <p>The key performance indicators as described in the SLA could be better aligned with the overarching commissioning objectives</p>	Some Improvement Needed	<p>All signed SLAs should be captured centrally, preferably in a contract register such as the Contract Management System. (M)</p> <p>Consider the feasibility of incorporating metrics within the SLA that support qualitative outcomes assessments. In particular the auditor would suggest considering the number and type of sensor activations that resulted in a provider action and the outcome thereof. (H)</p>

¹ **Audit Opinions**

Effective	Controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
Some Improvement Needed	A few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
Significant Improvement Needed	Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.
Unsatisfactory	Controls evaluated are not adequate, appropriate, or effective to provide reasonable assurance that risks are being managed and objectives should be met.

² **Audit Recommendations**

Priority High (H) - major control weakness requiring immediate implementation of recommendation

Priority Medium (M) - existing procedures have a negative impact on internal control or the efficient use of resources

Priority Low (L) - recommendation represents good practice but its implementation is not fundamental to internal control

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AUDIT & GOVERNANCE COMMITTEE
28 May 2015

INTERNAL AUDIT ANNUAL REPORT 2014/15

SUMMARY:

This report summarises the work of Internal Audit for the period 1 April 2014 to 31 March 2015, identifying the main themes arising from the audit reviews and the implications for the County Council. The Chief Internal Auditor reports key findings and recommendations arising from audits undertaken as part of regular reporting to this Committee on completed audits.

A list of all Internal Audit reports issued in the period is attached at Annex A for information. In response to member interest in management action taken to implement Internal Audit recommendations this report also provides, at Annexes B and C, details of progress made to date for those audit reports previously presented to this Committee.

RECOMMENDATION:

Members are asked to note the work undertaken and performance of Internal Audit in 2014/15 and determine whether there are any matters that the Committee wishes to draw to the attention of the Cabinet or the County Council.

INTRODUCTION

- 1 The Accounts and Audit Regulations require every local authority to undertake an adequate and effective internal audit of its accounting records and of its system of internal control. Within Surrey County Council the Internal Audit function, which sits within the Policy and Performance Service, carries out the work required to satisfy this legislative requirement and reports its findings and conclusions to management and to this Committee.
- 2 Best practice requires the Chief Internal Auditor to produce an annual report that:
 - (a) provides an opinion on the overall adequacy and effectiveness of the organisation's control environment
 - (b) discloses any qualifications to that opinion, together with reasons for the qualification
 - (c) presents a summary of the audit work from which the opinion is derived
 - (d) draws attention to any issues of particular relevance
 - (e) compares the work actually undertaken against the work that was planned

- 3 This report fulfils the requirements above and represents the Internal Audit Report for the period 1 April 2014 to 31 March 2015. This report informs the 2014/15 Annual Governance Statement and provides an overview of the key findings arising from the audit reviews and the implications for the County Council. Taking account of the issues described the Committee will need to consider whether any matters should be referred to the Cabinet or the County Council.

BACKGROUND TO THE YEAR 2014/15

- 4 Internal Audit is one of four teams, the others being Performance and Change; Economic Growth; and, Policy and Partnerships; within the Policy and Performance service. As such Internal Audit is well placed to respond to new policy initiatives and help drive innovation and improvement across the council.
- 6 As part of the council's network leadership approach, the statutory responsibilities network was formed in the summer of 2014 to ensure clear senior officer oversight of the council's major statutory and other responsibilities and join them up. The Chief Internal Auditor is a member of this network which meets fortnightly. In addition the Chief Internal Auditor has continued to meet regularly throughout the year on a one to one basis with the Chief Executive and the S151 Officer to brief them on governance matters.
- 7 During 2014/15 the Chief Internal Auditor has continued to undertake the following responsibilities:
- member of the Investment Panel which reviews business cases in advance of them being presented to Cabinet for approval
 - member of the Governance Panel
 - member of the Strategic Risk Forum
 - the council's Money Laundering Regulatory Officer
- All the aforementioned roles complement the work of Internal Audit.
- 8 The high profile of Internal Audit reports has been maintained throughout 2014/15 with the Audit and Governance Committee and Council Overview and Scrutiny Committee in particular showing a strong interest in what action officers have taken in response to Internal Audit recommendations. The on-line library means all elected members can access reports as they wish.

INTERNAL AUDIT OPINION

- 9 The overall audit opinion, based on the reviews completed during the period, on the governance and internal control environment during 2014/15 is **Some Improvement Needed**. A few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
- 10 In forming this opinion, the Chief Internal Auditor can confirm that Internal Audit activity throughout 2014/15 has been independent of the rest of the organisation and has not been subject to interference in the level or scope of audit work completed. There are no qualifications to this overall opinion.

- 11 This overall audit opinion is largely a reflection of the system and procedural controls around the County's key financial systems that are subject to annual review by Internal Audit and are considered to be sound. It is noted however that despite the controls in place, there is a high risk as highlighted in the Leadership Risk register of failure to achieve the Medium Term Financial Plan (MTFP) going forward as a result of:
- not achieving savings
 - additional service demand and/or
 - over optimistic funding levels
- 12 The MTFP for 2015-20 was approved by the Council in February 2015 and the Leader of the Council proposed a refresh of the budget plan takes place in the summer after the General Election in May 2015.
- 13 More generally however in wider service reviews some specific weaknesses were identified by Internal Audit that meant that control in those particular areas did not provide reasonable assurance that risks are being managed so that objectives would be met. The following table shows the spread of audit opinions for the 62 standard audit reports issued in the period 2014/15 with comparative information for 2013/14.

Audit Opinion	2013/14		2014/15	
	No of Audit Reports	%	No of Audit Reports	%
Effective	21	33	16	26
Some Improvement Needed	34	54	33	53
Significant (Major) Improvement Needed	2	3	5	8
Unsatisfactory	0	0	1	2
n/a	6	10	7	11
Total	63	100	62	100

- 14 The key issues arising from audit work completed during 2014/15 are set out in the Key Audit Findings section of this report.

MANAGEMENT ACTION PLAN (MAP) PROGRESS UPDATE

- 15 A summary of Management Action Plan (MAP) progress in implementing audit recommendations for audit reports issued in the period July – December 2014 can be found at Annex B
- 16 Annex C contains details of all audit reports issued prior to July 2014 where implementation of High Priority recommendations has not previously been reported to this Committee as "Green".

PERFORMANCE SUMMARY

- 17 The audit plan for 2014/15 was approved by this Committee on 24 March 2014. This plan was based on a budget of £662,833. Actual outturn at the year-end was £621,362. The table below shows actual performance against the original plan for the year.

Audit Area	Plan Days (whole year)	Actual Days	% Actual to planned
Corporate Governance Arrangements	75	35	47%
Key Financial Systems	200	225	113%
Grants	30	34	113%
Contract reviews	135	118	87%
Service reviews (systems and projects)	865	657	76%
Follow-up Audits	60	12	20%
Innovation & Client Support and Service liaison	186	115	62%
Special reviews not included in the original audit plan. NFI and other fraud prevention Irregularity investigations	335	237	71%
Audit planning and management, corporate and member support	294	312	106%
Total days	2180	1744	80%
Figures as shown in 2013/14 report (for comparison)	2228	2130	96%

- 18 The Internal Audit team establishment for 2014/15 comprised 12 full time equivalent (FTE) staff. The team experienced unusually high turnover during the year (33%) with one resignation; two retirements; and, one death in service. In addition, the number of days recorded as sickness absence was greater than in previous years. Agency resource was used in quarters 3 and 4 to cover vacancies and help ensure satisfactory delivery of the annual audit plan.
- 19 Despite these staffing difficulties the Internal Audit team have had another productive year with 62 audits reports issued (as detailed at Annex A). This compares with 63 reports issued in 2013/14.
- 20 2014/15 Annual Audit Plan Completion

Annex D provides an analysis of completion of the 2014/15 Internal Audit programme of work. Further information is set out below.

Deferred/Cancelled Audits - the following audits, which were included in the 2014/15 annual audit plan, were cancelled/deferred for the following reasons:

- Pension Administration – deferred to 2015/16 as part of a move towards spreading key financial audit work more evenly throughout the year (the previous audit report was issued in April 2014).
- Deputyship– deferred to 2015/16 in response to a request from the service to smooth out of the number of audits within one particular area of the service in the latter part of 2014/15.
- Property Investment Strategy – audit cancelled as minimal service activity undertaken in this area. An audit of the Property LATC is included within the 2015/16 audit plan.
- Voluntary Community & Faith Sector (VCFS) framework – audit cancelled as a reconsideration of the risks in this particular area of service delivery in light of assurance work done in the area by officers led to other audits being prioritised in its place.
- Foster Care – deferred to 2015/16 as there was insufficient audit resource available to conduct this review in 2014/15.

In addition, as shown in Annex E, a small number of audits relating to 2014/15 are still in progress.

21 Grants

10 grant audits were completed in the period, as follows:

- Adoption Reform
- BDUK (Superfast Broadband)
- Bus Subsidy
- Local Pinch Point Fund
- Local Sustainable Transport Fund Capital Grant
- Local Authority Capital Block Funding (Integrated Transport and Highway Maintenance) Specific Grant
- RESTORE Grant (Interreg IIIC) Claim4 (Autumn 2014)
- RESTORE Grant (Interreg IIIC) Claim 5 (Spring 2015)
- Schools-Centred Initial Teacher Training
- Sport England

22 Fraud and Irregularity and Special Reviews

The 2014/15 audit plan included specific time for Irregularity and Special Investigations (audits which, although not in the annual plan, take place as a result of concerns being raised directly with Internal Audit by Members or officers). Some of this time (86 days) was spent on investigating alleged irregularities. The Council's Financial Regulations require all matters involving, or thought to involve, corruption or financial irregularity in the exercise of the functions of the County Council to be notified to the Chief Internal Auditor who will decide whether an audit investigation is appropriate.

A separate report has been produced for this Committee which provides more information on the irregularity investigations undertaken by Internal Audit during 2014/15.

Also included in this is time spent on fraud awareness work, including delivering Fighting Fraud presentations to teams across the council and circulating fraud alerts received from such audit networks as the National Anti-Fraud Network and the County Chief Auditor's Network.

23 Customer Satisfaction Survey (CSQ)

The Internal Audit team is continually aiming to improve the service it provides and as such, on completion of each review the auditee is asked to complete a Customer Satisfaction Survey (CSQ) to provide feedback on a number of aspects of the audit – from planning through to reporting. The CSQ also asks for an overall rating on the added value of the audit on a scale of 1 to 4, where 1 is **not very** useful and 4 is **very** useful.

The following table shows the breakdown of CSQ scores received during the period 2014/15 (previous year figures in brackets for comparative purposes):

CSQ Overall Rating	No of CSQs	%
4 – very useful	12 (12)	42 (40)
3	11 (16)	38 (54)
2	5 (1)	17 (3)
1 – not very useful	1 (1)	3 (3)
Total	29 (30)	100

EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT

- 24 A report on the findings of the 2014/15 review of the effectiveness of the system of Internal Audit was presented to this Committee on 9 April. This review concluded that Internal Audit in Surrey County Council is independent of undue influences and has a high profile within the organisation. The Internal Audit team is sufficiently well resourced with highly skilled and experienced auditors and resource is properly focussed on key areas of risk. Appropriate controls are in place to ensure Internal Audit work is of high quality. Management action in response to audit recommendations is generally both effective and timely and Select Committee scrutiny is effective in ensuring this.
- 25 There were no recommendations arising from this review; and, no matters of non compliance with the Public Sector Internal Audit Standards identified that would require mention in the 2014/15 Annual Governance Statement.

KEY AUDIT FINDINGS

- 26 The key audit findings arising from completion of the 2014/15 Internal Audit plan are categorised under the 11 themes as set out below:
- 1. Adult Social Care (ASC)**

- 27 The Care Act 2014 represents the biggest change to social care in over 60 years, consolidating over 30 pieces of legislation. An audit review of Care Act Preparedness gave an audit opinion of **Effective** and concluded that appropriate project management arrangements were in place with comprehensive risk management whereby the impacts of risks and mitigating actions are well thought out, regularly updated and assigned to a named officer.
- 28 The Better Care Fund is another significant central government initiative with implications for Adult Social Care. An audit of the Better Care Fund gave an audit opinion of **Effective** and concluded that the Council had done well in engaging with the Clinical Commissioning Group partners to ensure there are agreed joint plans for 2015/16. The governance structure in place was deemed appropriate with a range of mechanisms in place to enable financial and performance metrics reporting/monitoring.
- 29 An **Effective** audit opinion was given following Internal Audit reviews of the AIS Assessment Process and there were no High Priority recommendations made following Internal Audit reviews of Supply of Equipment; and, Financial Assessments and Benefits.
- 30 An audit position statement was issued in respect of the ASC Provider Portal. It was envisaged the portal would enable approved providers and Friends, Family and Community Services to upload details regarding their service availability and capacity on a real time basis and ASC teams to access this information to make placements.
- 31 A budget of £400,000 was provided on the understanding that the system would be implemented during 2013/14. The auditor found that the implementation plan had been revised and at the time of the audit (February 2015) the expected date for implementation of the portal was July 2015.
- 32 An audit of Social Care Debt was completed in June 2014 and had an audit opinion of **Some Improvement Needed.** This audit highlighted the need to ensure teams make key information available in a timely manner. The proportion of invoices paid for by direct debit was 64% and the audit recommended that alternative ways to promote direct debits should be investigated. It was noted that the changes to charging that will result from implementation of the Care Act present an emerging risk to the management of social care debt.
- 33 A follow-up audit was also conducted of Social Care Debt – Credit Balances. A credit balance may arise for a number of reasons including an overpayment of benefits, a reassessment of care charges or periods where care has been charged but not provided. The audit opinion following this review was **Significant Improvement Needed** and it was noted that the level of credit balances (at £187,000) had increased by 13% since the November 2013 audit review.

2. Children's and Safeguarding Service

- 34 Audits of the Corporate Parenting Board; and, Community Homes and Short Break Respite Care attracted an **Effective** audit opinion.
- 35 An audit of Looked After Children's Finances resulted in an **Unsatisfactory** audit opinion and the auditor was unable to give assurance that there were adequate arrangements in place to ensure effective monitoring, control or reporting on the savings held on behalf of looked after children. 10 High Priority recommendations were made to ensure the Council meets its statutory duty as corporate parent and a Management Action Plan was agreed with the Deputy Director - Children's, Schools

and Families. At a meeting of the Children's and Education Select Committee in November 2015 officers were commended on their prompt response to the areas of concern identified in the audit.

- 36 An audit of Grants to Voluntary Bodies (rated **Some Improvement Needed**) could find no evidence of review within the past four years of a grant paid to deliver, through Sure Start Children's Centres, a range of services to support families with children under five in the greatest need. A High Priority recommendation was made to reintroduce regular reviews to ensure the service and expected outcomes are delivered in accordance with the grant agreement.
- 37 An audit of the Agency Staff Contract which attracted a **Significant Improvement Needed** audit opinion, highlighted the heavy reliance within Children's and Safeguarding Service on long term agency resource. This reflects the difficulties - experienced across the country - in recruiting and retaining children's social workers. Recruitment Dashboard data for June 2014 showed that, on an establishment of 221.6 posts there, was a vacancy rate of 25.7%. While Looked after Children posts were generally well covered, there were a significant number of vacancies in Referral Assessment & Intervention teams and Child Protection and Court Proceeding Teams. The audit showed that a significant number of agency members of staff within the Children's and Safeguarding Service had been engaged on a long term basis (with an average of 112 weeks for the 28 longest serving agency staff). It was also apparent that within some teams there were assistant team managers who are not permanent staff. Having key teams which are primarily long term agency staff may mean that service development and corporate processes are less effective. The auditor recommended the service produce aspirational targets for the phased replacement of long term agency staff/locums with permanent staff, along with a set of measures designed to stimulate such change.
- 38 An audit of Direct Payments (Children's) was rated **Some Improvement Needed** and found that the arrangements were generally well managed, although it was noted that there was a backlog in the social care review process. The service is committed to a six month minimum period between reviews but over half the cases examined during the audit had exceeded that timeframe.

3. Schools and Learning

- 39 An audit of the Schools Financial Value Standard (SFVS) was rated **Some Improvement Needed** and concluded that Governing Bodies and school management have in general fulfilled their responsibilities for the process of completion and submission of the SFVS assessment. The majority of schools had in place appropriate policies and procedures covering key financial areas, giving reasonable assurance that internal controls exist and that objectives should be met. It was apparent, however, that more work needs to be done in raising awareness of fraud and whistle-blowing policies amongst staff and governors. This has become an important area given the powers delegated to schools and their high degree of autonomy in managing financial matters. Internal Audit plans to address this matter in 2015/16.
- 40 An audit of Special Schools – Funding for Residential Provision was rated **Some Improvement Needed** and noted that the Special Educational Needs (SEN) strategy had not been updated since 2010 and was no longer being followed in practice.

- 41 Management Action Plan progress update to Audit and Governance Committee in December 2014 noted that SEN staff did not have up to date procedures covering the provision of SEN transport and an Autumn 2014 pilot aimed at encouraging participation by SEN officers in the review of SEN transport provision had not commenced. A follow-up audit of Transport for Education is planned for Quarter 1, 2015/16.
- 42 A follow-up audit of Commercial Services was rated **Some Improvement Needed** and noted that governance arrangements had been strengthened with improved financial monitoring and monthly written reports to the Assistant Director for Schools and Learning. An audit of Short Stay Schools was rated **Some Improvement Needed** and did not identify any areas of significant weakness.

4. Highways

- 43 Three audits were conducted in this area in 2014/15.
- 44 An Internal Audit review of Highway Asset Management and Property Information concluded that SCC were on track to comply with the requirements of the Code of Practice on Local Infrastructure Assets for the preparation of the annual return for the Whole of Government accounts.
- 45 An audit of Operation Horizon was rated **Some Improvement Needed** and concluded more roads had been replaced in year 1 of the contract than planned (131km against a target of 100km) although the corresponding spend was disproportionately larger (a 55% increase). The explanation given for this was that more expensive to repair roads had been included in the programme of work. The audit noted that the 12% discount on Kier MG invoices was not being recovered on a monthly basis as required by the contract and it was recommended that this should be implemented with the outstanding balance recovered immediately from Kier MG. The Management Action Plan progress update provided to Audit and Governance Committee in December 2014, suggested a manual process had been implemented while an automated solution to recover the discounts on a more regular (monthly) basis is being investigated.
- 46 An audit of the Highways Contract – Safety Inspections noted that the supplier was achieving the Key Performance Indicator (KPI) for quality of repair but not for timeliness. A quarter 3 report for 2014/15 showed the lowest level of resident dissatisfaction ever recorded.

5. IMT Security and Information Governance

- 47 The management action plan progress update provided to Audit and Governance Committee in December 2014, suggested positive action had been taken to address the six High Priority audit recommendations made in the audit report on Information Governance. In particular:
- Information available on S:net was updated
 - The Governance Panel approved the inclusion of the Information Governance Policy within the Corporate Policy Framework
 - Children's Information Governance guidance was re-instated on the S:net
 - The process for maintaining training statistics was improved
 - The Bring Your Own Device (BYOD) initiative was cancelled removing the need for a BYOD policy

- A MobileIron solution to provide secure email was developed to replace “Good” and ensure compliance with the Public Sector Network (PSN) requirements

- 48 Information Governance is now assessed as a “medium” risk - after mitigating controls – within the Leadership risk register and this is an improvement on the situation a year ago.
- 49 An audit of SAP application Controls was given an **Effective** audit opinion and concluded that SCC has rigorous controls in place to ensure employees only have access to the functionality and information required for them to undertake their duties.
- 50 The Public Service Network is central government’s vision of a shared but secure network. An audit of the Public Service Network gave an **Effective** audit opinion and found that SCC was certified as compliant and was therefore free to access services over this channel. Rigorous assessment by an external and independent expert provided assurance that Surrey residents’ services and data are appropriately safeguarded from emerging IT based threats.

6. Risk Management and Organisational Ethics

- 51 The Public Sector Internal Audit Standards specifically require Internal Audit to review the organisation’s ethics related programme of activities and risk management arrangements.
- 52 The 2013/14 audit review of Risk Management noted that there is not always a clear matching of service priorities to risks and opportunities identified on risk registers. The Management Action Plan progress update to Audit and Governance Committee in December 2014 noted that some risk registers had been updated to include references to service plans/programme. The 2014/15 audit of Risk Management is still on-going at the time of writing this report but initial findings suggest there is clear and concise guidance on the approach to risk within the council and that risk engagement at a senior level is very positive.
- 53 An **Effective** audit opinion was given following a review of Organisational Ethics and the auditor concluded that the Council has effective arrangements in place to ensure its decisions are open, accountable and in line with recognised ethical standards. This review noted the finding of the earlier audit of Members’ Interests that the Member Code of Conduct did not require members to declare their non pecuniary interests as suggested in DCLG guidance. In response to the resultant audit recommendation, it was agreed that the Constitution Review Group would consider whether to update the members’ Code of Conduct to include a requirement to disclose non pecuniary interests.
- 54 The audit of Organisational Ethics noted that where cultures are actively managed, good practice is apparent, but where managers are not actively managing there is an increased risk of unacceptable behaviour and irregular practice. The audit report on Fuel Card Analytics, which attracted an audit opinion of **Significant Improvement Needed**, provides evidence of this, with numerous instances of questionable fuel card usage, combined with a lack of clear policy and inadequate management oversight. Management took immediate action to address the lack of policy/guidance and a follow-up audit later in 2015 will assess the effectiveness of the new arrangements for fuel cards.

7. Contract Management

- 55 An audit of Procurement Savings gave an audit opinion of **Some Improvement Needed** and found both Procurement & Commissioning and Finance Services have systems in place to track achievement of savings included in the Medium Term Financial Plan. A Procurement led exercise to limit inflationary price increases by key suppliers was found to be enormously effective.
- 56 There is evidence to suggest that the In-Tend contract management software used by the Procurement and Commissioning Service does not contain key information on significant contracts and cannot therefore be relied upon to ensure effective contract monitoring. In particular an audit of the Manpower Agency Staffing Contract attracted an audit opinion of **Significant Improvement Needed**, as it was noted that the contract, which had been due to commence in April 2013 was only signed in August 2014 after the Internal Audit review had commenced. Another significant contract, CDS printing, was similarly found to have expired with no action being taken to retender.
- 57 An audit of the Property Asset Management System (PAMS) also highlighted that not all property contracts are recorded in the central Contract Management System maintained by Procurement and Commissioning Service. Furthermore, Internal Audit's own attempts to use the In-Tend system, have found the data contained within it to be incomplete or unreliable.
- 58 A Bus Operating Contracts audit was rated **Some Improvement Needed** and noted that the Council has more than 100 bus operating contracts in place providing bus services to Surrey residents where commercial providers do not operate. The audit concluded that it was difficult to reconcile what contracts are in operation at any given time. Furthermore some contracts with no end dates had been operating for a number of years with little or no review.
- 59 An audit of Youth Service Commissions was rated **Some Improvement Needed** and concluded it was not easy to assess the effectiveness of service provision as the data on performance outputs did not readily align with the headline objectives for Services for Young People. The audit recommended that future commissions should ensure a clear link between measurable outputs and desired outcomes.

8. Project Management

- 60 An audit of Project Management was completed in July 2014 and this found that there was only a limited amount of corporate information available detailing the extent of projects being run within the Council in terms of their objectives, costs progress and relationship to corporate objectives. Audits of the Council's arrangements for the Better Care Fund and the Care Act however, both attracted an **Effective** audit opinion which suggests the Council manages significant strategic change well.
- 61 An audit of the Management of Citrix Systems was included in the 2014/15 Internal Audit Plan but was not completed as originally intended as the upgrade did not take place as planned. The original go-live date for the Citrix upgrade was April 2014, but at the time of the Internal Audit review in August 2014 the anticipated go-live date had slipped to March 2015. In addition it was noted that at the time of the audit the total forecast costs (£1.151m) were more than double the original agreed budget. The Head of IMT attended Audit and Governance Committee in December 2014 and explained that the budget increase was due to a change in approach. Originally the upgrade was to be a direct replacement for the existing Citrix infrastructure. It was then realised that

the project should be developed to provide a longer-term solution which can reflect the changing needs of the business.

- 62 The ASC Provider Portal is another example where Internal Audit issued a position statement rather than an audit report, as the project, which had originally been planned for implementation during 2013/14, had been rescheduled. An audit of the implemented system is now included within the 2015/16 Internal Audit Plan.

9. Key HR Policies

- 63 An audit of Appraisals completed in March 2015 gave an **Effective** audit opinion and concluded that a robust system was in place to calculate and report rates of completion, exemptions and appraisals “in progress”. This was a follow-up review of an earlier audit of Appraisals completed in April 2014 which had resulted in an opinion of **Significant Improvement Needed** and noted that there had been errors made in calculating appraisal completion rates. Once corrected the overall completion rate for 2012/13 dropped from the reported figure of 83.5% to 61.9% with both Adult Social Care and Children’s Schools and Families showing appraisal completion rates of less than 50%.
- 64 An audit of Absence Management completed in February 2015 had an audit opinion of **Some Improvement Needed** and found some evidence of failure to properly record sickness absence and uncovered anecdotal accounts of cultural barriers to proper sickness absence recording. The audit noted that usage of the HR Dashboard was relatively low with 53% of users having never accessed the system.

10. New Models of Delivery

- 65 An audit of the Local Authority Trading Company Governance Arrangements focussed on the arrangements in place for the Shareholder Board and concluded that the proposed structure and remit of the Shareholder Board should be effective in safeguarding the interests of the Council.
- 66 An audit of Surrey Choices, a Local Authority Trading Company established to provide day services and community support options for people with disabilities, found that the transitional planning had been effective in setting up the company and commencing delivery of services to residents through this new method of delivery. Mechanisms were in place for the monitoring of service delivery both in terms of fulfilling client requirements and satisfying the council that appropriate standards of care and financial prudence are being observed.

11. Emergency Management and Business Continuity

- 67 An audit of Business Continuity was rated **Some Improvement Needed** and concluded that the published guidance and supporting documentation for business continuity is detailed and adequate and that there was clear evidence of close working of the Emergency Management Team with frontline service areas. There is a requirement for appropriate business continuity arrangements to be implemented for external suppliers from 1 April 2015 and this will require close monitoring.
- 68 An audit of Emergency Management was rated **Some Improvement Needed** and noted that the refreshed Corporate Resilience Policy had not been included within the Constitution of the Council and it was unclear what member approval process had been followed.

IMPLICATIONS:

- 69 There are no direct implications (relating to finance, equalities, risk management or value for money) arising from this report. Any such matters highlighted as part of the audit work referred to in this report, would be progressed through the agreed audit reporting policy.
- 70 Terms of Reference for all audit reviews include the requirement to specifically consider value for money; risk management; and, equalities and diversity.

WHAT HAPPENS NEXT:

- 71 The Chief Internal Auditor will continue to update Members on the progress of issues within this report that have not been fully concluded.

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Sources/background papers: Internal Audit reports

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ANNEX A

2014/15

	Month Final Report issued	Audit	No of High Priority Recs	Audit Opinion	Relevant * Directorate	Select Committee Review**
1	Apr-14	Pensions Administration	0	Effective	BS	
2	Apr-14	Information Governance	6	Significant Improvement Needed	CEO	COSC P&F: 2 June 2014
3	Apr-14	Appraisals	4	Significant Improvement Needed	BS	COSC: 30 April 2014/ COSC P&F: 2 June 2014
4	Apr-14	Integrated Waste Data System	0	n/a	E&I	
5	Apr-14	Commercial Services Follow-up Audit	0	Some Improvement Needed	CSF	
6	Apr-14	Payroll	0	Some Improvement Needed	BS	
7	Apr-14	Short Stay Schools	0	n/a	CSF	
8	May-14	Highway Asset Management and Property Information	0	n/a	E&I	
9	May-14	Revenue Budget Control	0	Effective	BS	
10	May-14	Finance Dashboard	0	Some Improvement Needed	BS	
11	May-14	Risk Management	1	Some Improvement Needed	BS	COSC P&F: 2 June 2014
12	May-14	AIS Assessment Process	0	Effective	ASC	
13	May-14	Community Homes and Short Break Respite Care.	0	Effective	CSF	
14	May-14	Special Schools - Funding for Residential Provision	0	Some Improvement Needed	CSF	
15	May-14	Accounts Payable	0	Effective	BS	
16	May-14	Operation Horizon	1	Some Improvement Needed	E&I	Not reviewed
17	Jun-14	Social Care Debt	1	Some Improvement Needed	BS	ASCSC 15 January 2015
18	Jun-14	Accounts Receivable	0	Effective	BS	
19	Jul-14	Capital Expenditure Monitoring	0	Some Improvement Needed	BS	
20	Jul-14	Project Management	0	n/a	BS	

	Month Final Report issued	Audit	No of High Priority Recs	Audit Opinion	Relevant * Directorate	Select Committee Review**
21	Jul-14	UNiCORN	2	Some Improvement Needed	BS	COSC: 2 October 2014
22	Jul-14	Superfast Broadband	0	Some Improvement Needed	CEO	
23	Jul-14	Surrey Arts	3	Significant Improvement Needed	CEO	CSC: 25 September 2014
24	Sep-14	Energy Management	0	Some Improvement Needed	BS	
25	Sep-14	Grants to Voluntary Bodies	2	Some Improvement Needed	BS	COSC: 2 October 2014
26	Sep-14	Agency Staff Contract	2	Significant Improvement Needed	BS	COSC: 2 October 2014
27	Sep-14	LATC Governance Arrangements	0	n/a	BS	
28	Sep-14	Management of Citrix	0	n/a	BS	
29	Sep-14	Looked After Children's Finances	10	Unsatisfactory	CSF	C&ESC: 27 November 2014
30	Oct-14	SFRS Premises Information	0	Some Improvement Needed	C&C	
31	Oct-14	Youth Service Commissions	1	Some Improvement Needed	CSF	C&ESC : March 2015 used the audit report to inform its lines of questioning on commissioning.
32	Oct-14	Local Sustainable Transport Fund	0	Some Improvement Needed	E&I	
33	Nov-14	Procurement Savings	0	Some Improvement Needed	BS	
34	Nov-14	Apprenticeship Scheme	3	Some Improvement Needed	BS	COSC: April 2015
35	Nov-14	Property Asset Management System	1	Some Improvement Needed	BS	
36	Dec-14	SAP Application Controls	0	Effective	BS	

	Month Final Report issued	Audit	No of High Priority Recs	Audit Opinion	Relevant * Directorate	Select Committee Review**
37	Dec-14	Review of Bus Operating Contracts	2	Some Improvement Needed	E&I	E&TSC will look at this in June 2015.
38	Dec-14	Supply of Equipment	0	Some Improvement Needed	ASC	
39	Jan-15	Public Service Network	0	Effective	BS	
40	Jan-15	Fuel Card Analytics	5	Significant Improvement Needed	BS	
41	Jan-15	Pension Fund Investments	1	Some Improvement Needed	BS	Pension Fund Board :13 February 2015
42	Jan-15	Financial Assessments and Benefits	0	Some Improvement Needed	ASC	
43	Feb-15	ASC Provider Portal	0	n/a	ASC	
44	Feb-15	Surrey Choices	0	Some Improvement Needed	BS	
45	Feb-15	Members' Interests	0	Some Improvement Needed	CEO	
46	Feb-15	CRSA for Governance Panel	0	Some Improvement Needed	BS	
47	Feb-15	Absence Management	0	Some Improvement Needed	BS	
48	Feb-15	Fire Station Capital Project Management	0	Some Improvement Needed	C&C	
49	Feb-15	Schools - SFVS self assessment	0	Some Improvement Needed	CSF	
50	Mar-15	Corporate Parenting Board	0	Effective	CSF	
51	Mar-15	Health & Wellbeing Board	0	Effective	CEO	
52	Mar-15	Appraisals - follow-up audit	0	Effective	BS	
53	Mar-15	General Ledger	0	Effective	BS	
54	Mar-15	Organisational Ethics	0	Effective	CEO	
55	Mar-15	Payroll	0	Some Improvement Needed	BS	
56	Mar-15	Emergency Management	1	Some Improvement Needed	CEO	
57	Mar-15	Business Continuity	0	Some Improvement Needed	CEO	
58	Mar-15	Domestic Abuse	0	Effective	C&C	
59	Mar-15	Direct Payments - (Children's)	0	Some Improvement Needed	CSF	
60	Mar-15	Public Health	0	Some Improvement Needed	CEO	

	Month Final Report issued	Audit	No of High Priority Recs	Audit Opinion	Relevant * Directorate	Select Committee Review**
61	Mar-15	Treasury Management	0	Effective	BS	
62	Mar-15	Better Care Fund	0	Effective	CEO	

* Directorate Key

BS	- Business Services
CEO	- Chief Executive's Office
ASC	- Adult Social Care
CSF	- Children Schools and Families
C&C	- Customers and Communities
E&I	- Environment and Infrastructure

**Select Committee Review

It is recommended that Select Committee review audit reports with an opinion of 'Significant improvement needed' or 'unsatisfactory', or if there are any high priority recommendations.






- Where this is not the case 'N/A' is listed.
- Where this is the case and a select committee placed the report on their agenda, the committee is listed.
- Where this is the case but the relevant select committee did not review the audit report, this is listed as 'not reviewed'.

Select Committee Key

ASCSC	-Adult Social Care Select Committee
C&ESC	-Children & Education Select Committee
CSC	-Communities Select Committee
COSC	-Council Overview and Scrutiny Committee
COSC P&F	- Council Overview and Scrutiny Committee Performance and Finance Sub-Group
HSC	-Health Scrutiny Committee
T&ESC	-Transport & Environment Select Committee

Management Action Plan (July - December 2014) – Progress update

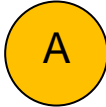


Annex B

Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
Review of Capital Expenditure Monitoring (Jul-14)	Some Improvement Needed	<p>Services along with their service accountants should provide all the relevant information for each capital project in sufficient detail to enable the Investment Panel to review and confirm robustness of the business case without unnecessary delay (M)</p> <p>The ToR for the Capital Working Group (CWG) should be adopted as soon as possible (M)</p> <p>Detailed minutes should be maintained in the interest of transparency. Sensitive items in the minutes should be marked 'Restricted' and kept securely but made available as and when required (L)</p> <p>The budget holders of capital projects in services should allocate realistic timescales as far as is practical and with the full understanding of the implications of delays (M)</p> <p>The full year forecasts should be more transparent & show the monthly fluctuations for each project. This should address IP's concerns raised on budgets allocated to projects in 2014/15 (M)</p>	<p>Service Accountants assist the services to complete the template available for business cases for capital projects prior to submitting to the Investment Panel (IP). The review of IP minutes for the 2014/15 audit of Capital Expenditure Monitoring (currently in progress), showed that IP offers sufficient challenge.</p> <p>Minutes of 21 July 2014 CWG meeting showed that the Deputy Chief Finance Officer was to review and update the ToR and distribute to CWG members. The final ToR has not yet been seen by the auditor.</p> <p>The CWG minutes are maintained and marked 'Confidential'.</p> <p>This is currently being reviewed as part of the audit of Capital Expenditure Monitoring for 2014/15.</p> <p>This is currently being reviewed as part of the audit of Capital Expenditure Monitoring for 2014/15.</p>	    

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Project Management follow-up (Jul-14)	n/a – position statement	The developing Network Leadership Model should drive good practice and provide support to project managers across the authority to draw upon. (M)	Two members of the Continuous Improvement Network have been assigned as Project Management Champions and will raise awareness of the project management network, toolkit and project management in general at the Continuous Improvement Network.	
UNiCORN (Jul-14)	Some Improvement Needed	<p>In light of the timescales indicated in the contract for acknowledging and formalising change requests and the failing of the supplier to achieve those targets, the auditor recommends that a time frame, such as six months or less is agreed to allow for this process to develop. After which if the change process has not aligned with the Contract KPIs senior management formally challenge the supplier to improve. (H)</p> <p>Issues with the supplier should be captured in an issues log, possibly supported with a key communications log. This will aid in issue escalation and monitoring. (H)</p>	<p>BT has now produced drafts for all critical outstanding Change Controls. Most have been approved by SCC and those that have not are now with SCC and Partners for review and amendment.</p> <p>The absence of an issues log was addressed by September 2014. As the contract moved into Business as Usual activity, issues are now being routinely documented in several ways to align with agreed UNiCORN governance:</p> <p>BAU Risks and Issues Log (UNiCORN Partnership) – Overall ownership with the UNiCORN Management Board.</p> <p>Service Improvement Plans (SCC) – Prepared and reviewed monthly. Owned by IMT UNiCORN Contract Management</p> <p>Incident and Problem Reports – Prepared in response to incidents and problems, on occurrence, and reviewed by an appropriate pier group.</p>	 

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Superfast Broadband (Jul-14)	Some Improvement Needed	<p>The Investment Panel should help ensure that there is some form of post project appraisal of the investment in terms of how much economic impact the project had and whether SCC’s offer provided particularly good value for money by broad benchmarking of what was achieved elsewhere for various budgets. (M)</p> <p>The SFS Delivery Manager should re-engage resources around developing innovative village broadband inclusion schemes that can be rolled out alongside anything that BT may be able to offer. (M)</p> <p>The Delivery Manager should ensure that all sensitive data is only held on the SCC IT network. Discussions should be held with the IMT Security Manger as to any non-standard use of IMT within the team to ensure that SCC staff continue to observe any core IT security standards during innovation. (M)</p>	<p>Because the Superfast Surrey Programme is continuing to deploy fibre broadband in accordance with the contract, the Assistant Chief Executive (Susie Kemp) has asked Surrey County Council’s Economic Team to develop a methodology and undertake an economic assessment review at the completion of the deployment. Deployment under the contract will continue until the end June 2015.</p> <p>The Superfast Surrey Programme has worked closely with Openreach to identify opportunities for extending the fibre network to as many of the premises within the intervention area as possible within the terms of the contract. Whilst deployment to these harder to reach premises is continuing in accordance with contractual arrangements, it is currently estimated that fibre connection will reach at least 99.3% of the Intervention Area (IA) premises. This exceeds the contractual target of 98.6% of premises. Funding for the Superfast Surrey Programme is committed to deployment with BT Group within the terms of the contract and does not allow for delivery of broadband services with other providers.</p> <p>All confidential or commercially sensitive information relating to the Superfast Surrey Programme is stored on SCC IT systems within the appropriate drive.</p>	  

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Surrey Arts (Jul-14)	Significant Improvement Needed	<p>Surrey Arts should consider creating an asset management strategy which effectively joins up all activities related to the acquisition, monitoring, maintenance and disposal of its musical instrument stock. (H)</p> <p>Surrey Arts should consider creating an articulated income strategy which details future plans for using its assets to generate revenue. (H)</p> <p>Surrey Arts should strongly consider prioritising the creation of a comprehensive database of its instrument stock. (H)</p> <p>The Service should review its records management arrangements to ensure that all signed hire agreements are safely kept until the instrument is returned. (M)</p> <p>Surrey Arts should consider articulating an asset disposal policy which details how value from unwanted instruments can be reclaimed. (M)</p>	<p>The service has prepared a strategy which has been discussed at Management Team and needs a few changes before being attached to the Business Plan.</p> <p>As above</p> <p>This is underway and the service has drafted in additional staff to complete, but it is seen as a massive task and will take time to complete.</p> <p>This has been implemented.</p> <p>The service has prepared a strategy which has been discussed at Management Team and needs a few changes before being attached to the Business Plan.</p> <p>Note: A follow-up audit is currently underway.</p>	<p>A</p> <p>A</p> <p>A</p> <p>G</p> <p>A</p>

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Energy Management (Sep-14)	Some Improvement Needed	<p>Develop data collection and processing systems on energy use so that automated routines facilitate the production of regular exception reports. This may reduce the time needed for the year end checking exercise and provide more time to investigate potential anomalies. (M)</p> <p>Consider how best to report progress on the targets in the new Carbon and Energy Policy. E.G. include in the annual Green House Gases report on the SCC external website. (M)</p> <p>SCC's new Energy and Carbon Policy should include a target for savings to be delivered on expenditure on energy against the Authority's MTFP 2015/16 -2019/2020. This quantification will require further development of SCC's methodologies to appraise energy investment. (M)</p>	<p>Detailed energy consumption data is now collected automatically from remotely read meters on a daily basis. This was implemented in February 2015 and has already freed up some staff time as expected. Exception reporting will be further automated and anomalies investigated more thoroughly once the Graduate Energy Management Officer is in post (start date of 13 April 2015).</p> <p>Progress will be reported annually to the Overview and Scrutiny Committee. This process was been approved by Cabinet on 24 March. Reference to carbon emissions change against the 13/14 baseline and the 10% reduction target over 5 years by 2018/19 will be reported in SCC's GHG emissions report submitted to DECC and published on the external website.</p> <p>Investment in energy conservation and carbon reduction measures in the corporate estate has to date generated savings of £270k per annum and this saving is reflected in the 2015/20 MTFP. Annual savings from further investment were estimated within the Carbon and Energy Policy development. The savings arising from this investment from 2015/16 onwards will be reviewed and included in the MTFP when they are identified.</p>	  

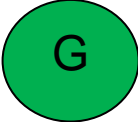
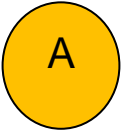

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Energy Management (Sep-14) cont'd	Some Improvement Needed	The new Energy and Carbon Policy should set out the broad expectations of the Authority with regard to sustainable energy behaviour and cashable cost savings from improved contract and supply chain management.(M)	<p><i>Re Sustainable energy behaviours</i> - A staff energy efficiency campaign has been committed to COSC and is in planning with central Comms.</p> <p><i>Re cashable cost savings from contract and supply change management</i> – Procurement have committed (in the Policy) to further investigating the supply chain cost issue and the council's energy procurement contract (LASER) is being put to Cabinet for approval in April.</p>	
Agency Staff Contract (Sep-14)	Significant Improvement Needed	Ensure there are robust plans in place for a rapid implementation of the new MSTAR contract signed with Manpower in August 2014. These plans should ensure careful monitoring of the Panel Vendors response to rate reductions and the new routes to market that procurement are establishing. (H)	<p>MSTAR contract was signed and in place from 1st August 2014. Implementation plans were agreed with Manpower on the MSTAR contract. The new rates were applied from the 4th September 2014. Manpower wrote to all Panel Vendors to confirm new rates under the new contract.</p> <p>There was no significant break away from the framework by Panel Vendors to become separately contracted suppliers, but where there was some initial movement in this direction, suppliers are beginning to return to be panel vendors on the Framework contract due to that arrangement now working much better than before and better payment terms.</p>	
			The overall effectiveness of the MSTAR contract is being reviewed at quarterly supplier meetings. This is a standing item on the Agenda at Supplier meetings.	

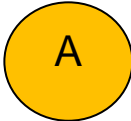
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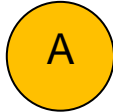
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Agency Staff Contract (Sep-14) cont'd	Significant Improvement Needed	<p>Procurement, HR and other interested parties should continue to develop innovative options for an alternative to a framework contract solution to the recruitment of agency staff. In particular, further consideration should be given to the options for SCC to:</p> <p>(a) creating more specialist agency staff supply contracts where Services are able to take on the necessary overheads for contract management.</p>	<p>Four options were identified and appraised: A new joint contract with ESCC will be sought, which involves the following timescales: March – Specification completed April - MSTAR extension agreed Apr-June - Procurement process July – Proposal to go to Cabinet September - Implementation</p> <p>The project has two sponsors, the SCC Director of HR and assistant director of HR at East Sussex County Council and an implementation team from both authorities.</p> <p>Developed and launched a new Social Worker locum process for Children’s services which builds in the off-contract process. Meetings with Direct supplier agencies have taken place. Direct supply contract received from Procurement to HR. Reviewed by Contract Manager and sent back to Procurement for completion.</p>	 
		<p>(b) consider cost effective and innovative options for the future supply of agency staff taking into account any potential for wider regional collaboration and/or opportunities to generate income.</p>	<p>Surrey CC and East Sussex CC are working together to jointly procure the supply of agency staff. The contract will be in place by Oct 2015</p>	

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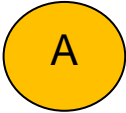
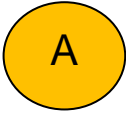
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Agency Staff Contract (Sep-14) cont'd	Significant Improvement Needed	Childrens Services should produce aspirational targets for the phased replacement of some of the long term locums in Children Services with permanent staff, along with a set of measures designed over a period of time to stimulate such change. (H)	<p>Regional conversations are taking place with thirteen Local Authorities (including Surrey) to move towards agreeing a Memorandum of Cooperation for Managing the demand and supply of Children's Social workers. This includes protocols around pay, recruitment, referencing and the standards of performance.</p> <p>Since 2010, Children's Services and Human Resources have implemented a recruitment and retention strategy for social workers. A sum of £772k has been invested in establishing the 'social work academy' in North East Surrey for development and retention of newly qualified social workers. SCC has implemented the social work career grade; investing a further £1.8M in pay progression; accompanied by a clearly defined training programme for professional staff development.</p>	
			<p>Alongside this, the Social Work Task Force has taken established more flexible locum recruitment and initiatives, such as the Locum Lunch, to transition locums to permanent staffing. The number of long serving locums is reviewed at monthly directorate meetings as the report is now included in the monthly dashboard.</p>	

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Agency Staff Contract (Sep-14) cont'd	Significant Improvement Needed	Childrens Services should produce aspirational targets for the phased replacement of some of the long term locums in Children Services with permanent staff, along with a set of measures designed over a period of time to stimulate such change. (H)	<p>A recruitment project is currently in progress which aims to improve the website and advertising to ensure we are promoting Surrey and the roles within Surrey effectively and in line with other competing organisations. Work has started on the front page of the SCC recruitment site.</p> <p>Another aim is to improve the recruitment process for both permanent and locum Social Workers to ensure it is personalised and responsive, without unnecessary delays. Work continues with new Recruitment and Retention adviser to encourage move from temp to perm.</p> <p>HR & CSF are having ongoing discussions regarding the targets for locum to perm transfer.</p>	

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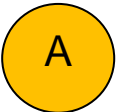


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Agency Staff Contract (Sep-14) cont'd	Significant Improvement Needed	Childrens Services should produce aspirational targets for the phased replacement of some of the long term locums in Children Services with permanent staff, along with a set of measures designed over a period of time to stimulate such change. (H)	<p>A policy has now been agreed and communicated detailing SCC's commitment to ensure its locum Social Workers receive the basic training and development (including supervision) required to deliver the role. This recognises the key role locum Social Workers play in the workforce but does not detract from the need to move to a higher proportion of permanent Social Workers. Further progress needed in implementing these arrangements.</p> <p>A total reward statement is planned, which will help demonstrate the financial equivalent of benefits such as annual leave, training and development, flexible benefits and pension schemes. Research is being carried out to support this scheme's cost and benefit.</p>	 

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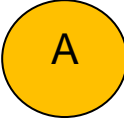
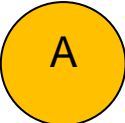
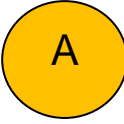
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		<p>HR and Manpower should continue to work together to meet some of the specific concerns of Childrens Services on Manpower’s performance, but particularly with regard to the quality and relevance of CV sent to managers and on the functionality of Manpower’s system which leads to so many requests for the cancelation of orders. (M)</p>	<p>Operational management arrangements, the contract KPI’s, ways of measurement and production of evidence are being reviewed. Ken Akers (HR) will be attending a sample of monthly meetings to understand how effectively issues are identified and addressed by Manpower and SCC leads.</p> <p>In future, Surrey CC HR Relationship Managers will contribute to strategic meetings with Manpower contract managers and panel vendor representatives. This will help to focus on issues of quality of locums; making sure providers understand our needs and our culture; and contributing to improved performance management.</p>	 
		<p>HR should raise for discussion, whether there is a need and a means by which the target for the percentage of agencies that pass Safeguarding inspections conducted by Manpower is increased. (M)</p>	<p>Item raised with Manpower and agreed. The target for safeguarding inspection will be 100 per cent compliance.</p>	

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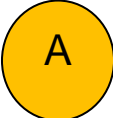


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Agency Staff Contract (Sep-14) cont'd	Significant Improvement Needed	Where Children's Services need further flexibility on procurement arrangements, they should ensure that they use the procedures within SCC Procurement Standing Orders to request such flexibility. (M)	<p>A waiver application has been developed and approved for those appointments made off contract and is linked with the creation of the new contract for directly sourced locum social workers.</p> <p>Where Children's Services are unable to identify suitable locum staff within the existing contract; Procurement and HR will support them with flexible arrangements, whilst ensuring a robust process is in place that complies with SCC Standing Orders. Direct Supply Agreements very close to finalisation.</p>	 
		Further consideration should be given to means of improving the percentage of orders filled for ASC and Children's Services bookings. (M)	<p>The method or recording and showing compliance with key performance indicators will be reviewed with senior Manpower leads to provide reassurance about reporting and identify action areas.</p> <p>Approaches to improving the fill rate needs further consideration.</p>	
		The monitoring arrangements for the new MSTAR contract and other routes to market need to be supported with effective measurements of value for money. (M)	New KPI's introduced March 2015. Some further resolution of issues / development needed.	

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Agency Staff Contract (Sep-14) cont'd	Significant Improvement Needed	HR should continue to monitor which managers are failing to manually authorise timesheets for agency staff and consider what escalation to Service management is appropriate. (M)	<p>This is a standing item on quarterly meetings with service coordinators.</p> <p>Coordinators are monitoring this and a reduction has been seen. Currently seeing a 15% auto approval rate compared to spend. Ongoing management action needed until the figures reach below 10% on regular basis.</p> <p>The HR Contracts Manager now emails Senior managers with names of managers who do not actively authorise timesheets.</p>	
		IMT should ensure that it does not go off contract to secure agency staff in a way that breaches SCC procurement rules. (M)	<p>The IMT Programme Manager was appointed in November 2014 and is ensuring that controls are in place for the engagement of temporary workers.</p> <p>Procurement and IMT have put in place an appropriate contracting model which provides the flexibility needed to ensure no breaches occur.</p>	
		Review all IMT agency roles and the associated cost every three months. (M)	IMT SMT weekly meetings now include the scrutiny of contract resources. Many agency staff have been moved across to fixed term contracts. Some work has been aggregated for tender.	

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Grants to Voluntary Bodies (Sep-14)	Some Improvement Needed	<p>Reintroduce regular reviews in respect of the GAFF grant to ensure that the service and outcomes in the Grant Agreement are delivered; this to be done before any more funding is released. (H)</p> <p>Clarify the legal status of the funding agreement for the GAFF grant to ensure that the funding agreement in place is legally compliant. (H)</p> <p>Review the market place before further funding is released to GAFF to see if any new providers are now available. (M)</p> <p>Hold Partnership meetings on the LPF/ EIKON Grant to discuss performance. (M)</p> <p>Find out if EIKON receives any other funding in respect of delivering the LPF service. (M)</p> <p>All future grants applicant to declare any potential conflicts of interest, or confirm there are none on the grant application. (M)</p> <p>A copy of the Grant Agreement to be held by Finance and details added to the grant register before any payments are made. (M)</p>	<p>Regular reviews have been established with GAFF and KPIs set up on Intend (contract management system). Funding has continued in line with the agreement.</p> <p>Contract has been reviewed and the existing contract deemed to be sufficient.</p> <p>The service will not be commissioned again in 2015. No alternative provider will be sought. Notice to terminate has been sent and the service will cease on 31 May to give the provider 3 months notice.</p> <p>EIKON received minimal funding from other Council sources and these do not have an impact on grant conditions</p> <p>The new procedures for the award of grants and contracts to the voluntary sector address this issue. Guidance on S:Net was updated in January 2015 to reflect the new procedures.</p> <p>Prior to processing payment, Finance request that budget holders confirm a signed agreement is in place.</p>	     

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LATC Governance Arrangements (Sep-14)	n/a – position statement	<p>Consideration should be given to increasing the quorum of the Shareholder Board. (L)</p> <p>Arrangements for reviewing the Articles of Association should be clarified. (L)</p> <p>Consideration should be given to establishing the right of the Council to inspect accounts and other records in the Articles of Association. (L)</p> <p>Consideration should be given to establishing procedures for the declaration of interest at Shareholder Board meetings to ensure that Members or Officers appointed as Directors of LATCs are not counted in the decision making process. (L)</p>	<p>The board agreed an increase to the quorum at the November meeting.</p> <p>The Articles of Association for LATC's are reviewed periodically upon request or identification of any particular issues requiring action.</p> <p>The Shareholder Board approved changes to the Articles of Association, made in response to the recommendations to allow the council to request copies of accounts or other records as of right, without the need for a shareholder decision or consent from the Directors.</p> <p>Declarations are made at board meetings where and when appropriate (and noted if appropriate in the minutes).</p>	   
Management of Citrix Systems (Sep-14)	n/a – position statement	No recommendations made.		

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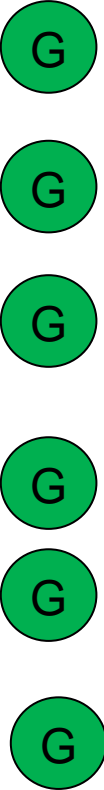
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Administration of Looked After Children's (LAC) Finances (Sep-14)	Unsatisfactory	<p>Confirm which LAC who have been in care for 12 or more months, hold Junior Individual Savings Accounts (JISAs). (H)</p> <p>Review records/HMRC returns of all LAC to establish which children hold a Child Trust Fund (CTF). (H)</p> <p>Take appropriate action for all children who do not have a CTF or JISA. (H)</p>	<p>LAC report supplied by Performance Officers was cross referenced by CSSC admin-finance against list of JISA accounts with Share Foundation. LCS now contains the Share Foundation reference number of all JISAs for LAC of 12 months plus under the IDENTITY tab. As of 25/02/15 SCC has 433 children "in care" who have JISA accounts managed by the Share Foundation. 84 children currently "Not in Care" eg closed cases had JISA accounts.</p> <p>In total 266 Looked after Children (LAC) have been identified as being eligible for having CTF accounts. 188 of the 266 LAC have had returns completed and sent to HMRC in the last 3 months. Of the 188 returns completed, The Official Solicitor has as yet notified us of 28 children, for which they have taken control of and provided us with the name of the provider.</p> <p>Performance Officers supply reports of children who become LAC, CSSC admin-finance then notify the Share Foundation of LAC 12 months + and they open a JISA for them. A record is kept of the JISA reference number. From 01/04/15 the Share Foundation anticipate they will manage old CTF accounts & be able to change them to JISAs.</p>	<p></p> <p></p> <p></p>
		16		
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Management Action Plan (July - December 2014) – Progress update

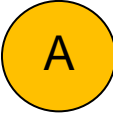
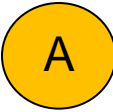
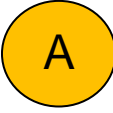
Annex B


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Administration of Looked After Children's (LAC) Finances (Sep-14)	Unsatisfactory	<p>Maintain/monitor a central record of LAC's savings, JISAs and CTFs. (H)</p> <p>Update Foster Carer and Carer Handbooks with procedures for recording of children's personal finances including Disability Living Allowance (DLA). (H)</p> <p>Update/circulate 'LAC Savings Accounts' guidance so that a common approach is taken in safeguarding children's personal savings and promoting financial capability. (H)</p> <p>Review of LAC records to identify children who receive DLA. (H)</p> <p>Implement transparent reporting of LAC savings. (H)</p> <p>Include a request and confirmation of the LAC's savings accounts within the Leaving Care Policy and Procedures note. (H)</p>	<p>There is a method for recording JISAs & CTFs and a check is made to see if 12 months + LAC children have a JISA.</p> <p>SCC has a foster carer's website. Within it is the Foster Carers handbook (latest version September 2014) which contains information for foster carers relating to pocket money, savings, CTFs & JISAs</p> <p>Guidance has been confirmed and is in place. Further communication of financial savings for children is being completed through LAC Communication Champions Meetings.</p> <p>Service check completed to identify all children who receive DLA.</p> <p>CSSC Admin-Finance record & notify the Share Foundation of children whom are newly entitled to LAC JISAs. CSSC Admin-Finance updates LCS with JISA reference number.</p> <p>Care Leavers policy has been updated</p>	

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Management Action Plan (July - December 2014) – Progress update

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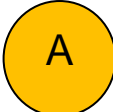


Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
Surrey Fire & Rescue Service (SFRS) Premises Information (Oct-14)	Some Improvement Needed	<p>Consider development of a web-based form for the public to directly contribute occupier/domestic risk information. (M)</p> <p>Consider resourcing options, including securing an apprentice, to address capacity issues. (M)</p> <p>Implement the draft provisions of the Regional Framework which specifies a standard for training. (M)</p>	<p>This is currently underway: SFRS are currently looking at bringing in a community risk platform. It is hoped that this will have a self populating public element to it. There are a number of constraints around SCC IT and interfaces as well as management of data but these are being addressed.</p> <p>The Data Team sits in the Intelligence and Analysis Team: as part of the future joint SCC and Fire team, this merger will take place this year and the resourcing requirements will be addressed as it develops.</p> <p>This is being implemented alongside a whole service review of training governance following and independent review. The report on FRS training is being finalised and once reported, an action plan will follow.</p>	<p style="text-align: center;"></p> <p style="text-align: center;"></p> <p style="text-align: center;"></p>

Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
Youth Service Commissions (Oct-14)	Some Improvement Needed	<p>SYP should consider amending the Objectively Verifiable Indicators used in future commissions to ensure there are clearer links between measurable outputs and desired outcomes. (H)</p> <p>SYP to consider alternative vehicles to gain a more comprehensive understanding of young people's views on commissioned services (e.g. an on-going feedback channel rather than a one-off exercise) (M)</p>	<p>During 2014 SYP consulted on and developed the Surrey Young People's Outcomes Framework, a document that sets out the things SCC wants to achieve for young people in the county. This has been set-up to ensure there are causal, logical links between commissioned activities and the overall aims of a service. 6 outcomes have been identified that are the key factors that will contribute to young people's employability, and these in turn are achieved if SCC delivers a range of outputs.</p> <p>To do this SCC has defined the set of outputs that each commission will contribute to and has set out the measures by which this contribution will be assessed - the commission's Objectively Verifiable Indicators (or OVIs). For some services this means monitoring the level of activity that is delivered and the quality of that activity, whilst for others there are direct outcome measures. In both cases SCC's focus as commissioners is on the extent to which the performance data for the commission demonstrates the contribution of the service to the desired outcomes.</p>	

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<p>Local Sustainable Transport Fund 14/15 (Oct-14)</p>	<p>Some Improvement Needed</p>	<p>Rigorous monthly monitoring and direction of staff to record the agreed proportions of their salaries to this programme. Any slippage to be reported to the E&I Senior Management Team. (M)</p> <p>Improve the arrangements for the management of work on grant claims by reintroducing a register of all grant claims, showing submission deadlines and identifying each contributor's role. (M)</p> <p>Complete the evidencing of 2013/14 LSTF-funded capital expenditure such that if a further financial return is required, it can be submitted within the DfT's timescales. (M)</p> <p>Submit future returns by the deadlines and ensure they are properly supported with evidence for key transactions. LSTF monthly programme meetings to track the resolution of concerns raised in audits. (M)</p> <p>Encourage the other parties to the Onslow Park and Ride scheme to complete the lease for land that the scheme is on and the sub-lease for the land that is needed to install the power supply. (M)</p>	<p>Monthly recharges have improved and enabled the LSTF programme to meet recharge targets.</p> <p>Not progressed at this stage due to low number of claims.</p> <p>Unclear whether there will now be a need for a 2013/14 return. Around 50% of the preparatory work has already been done within Internal Audit.</p> <p>All deadlines have been met. Audit is an agenda item. Final LSTF claim submitted for 29 April 2015.</p> <p>Guildford BC/ University of Surrey (UoS) in close dialogue. Agreement reached with UoS re: power supply but lease still to be signed.</p>	<p></p> <p></p> <p></p> <p></p> <p></p>
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Management Action Plan (July - December 2014) – Progress update




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Procurement Savings (Nov-14)	Some Improvement Needed	<p>Procurement to continue to work with Finance staff within SCC to complete the review of the draft SCC and ESCC Savings Methodology. The document should include clearer definitions of savings and other activities which are scored on the Savings Delivery Forms. (M)</p> <p>The Procurement and Commissioning Team should seek further opportunities with Services to identify savings opportunities to help address some of the currently unidentified savings target in the MTFP. This may involve further investment in resources to research novel and innovative ways to reduce the costs of goods and services procured by the Authority and then advising Services of the options. (M)</p> <p>Finance and Procurement should continue the development of harmonised data and systems on savings, such that a full reconciliation of the relevant data held by both Services can be readily produced when needed and that there is full visibility across the two systems by all staff responsible for tracking savings. (M)</p>	<p>Finance and Procurement are planning a joint workshop early in Q1 to review this at senior manager level.</p> <p>This is part of on-going procurement team activity. There is already a commercial insight team in place to conduct research to inform category strategies that are used to advise Services of options.</p> <p>Staff have identified clear links between the tracking system for MTFP initiatives in Finance and the procurement Performance Plus project tracking tool, and are exploring if they could be electronically linked.</p>	<p style="text-align: center;"></p> <p style="text-align: center;"></p> <p style="text-align: center;"></p>

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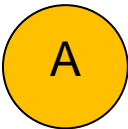
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Procurement Savings (Nov-14) cont'd	Some Improvement Needed	<p>Finance staff should be reminded of the need to provide a reasonably prompt response to requests for sign-off of procurement savings where actually achieved. (M)</p> <p>Procurement should re-examine the basis for expected savings from the B4S contract review and amend the baseline, forecast and actual saving achieved figures as necessary. (M)</p> <p>Procurement should adopt the same approach to quantifying efficiencies on energy usage as is decided by an officer group that are also considering this issue. (M)</p>	<p>Staff reminded.</p> <p>The savings were amended downwards and signed off</p> <p>The group agreed an approach to savings, and a cabinet report is currently on the table for the next meeting setting out the savings from consumption and from better procurement.</p>	  

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Management Action Plan (July - December 2014) – Progress update








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Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
Apprenticeship Scheme (Nov-14)	Some Improvement Needed	<p>Consider how to mitigate the risks associated with funding changes. (H)</p> <p>Consider creating a permanent apprentice placement and support function that oversees all areas of the scheme. (H)</p> <p>Develop a strategy overarching the three apprenticeship schemes in Surrey. (H)</p> <p>Periodically report on the “Reasons for Leaving” of apprentices with a particular focus on negative outcomes to ensure wider corporate learning. (M)</p>	<p>Details of the funding changes have yet to be confirmed (it is possible that funding via employers rather than training companies may be withdrawn)</p> <p>A Strategy has been drafted by the Strategic HR&OD Relationship Manager with oversight of corporate recruitment and retention. This Strategy sets out the responsibility for the three strands of the apprenticeship scheme and consultation with stakeholders began in March 2015.</p> <p>This function will be incorporated into the currently vacant role of New Entrants Coordinator, which is presently being recruited to.</p>	

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Property Asset Management System (PAMS) (Nov-14)	Some Improvement Needed	<p>Master data in PAMS should be maintained on an ongoing basis. (M)</p> <p>All contracts should be recorded in PAMS and Procurement's Contract Management System. (M)</p> <p>Help Desk staff should be reminded to comply with the procedures for placing orders and cancelled orders should be regularly reviewed. (M)</p> <p>Interface files should be complete with regular and frequent runs. (M)</p> <p>The advanced reporting facility should be developed to add value to meet service requirements. (L)</p> <p>The process for filing paid invoices should be resolved using the payment report from IMT. (H)</p> <p>The sample checks agreed with Internal Audit should be implemented. (M)</p>	<p>Master data is maintained.</p> <p>All contracts are recorded in PAMS.</p> <p>Compliance with procedures has been re-iterated to Help Desk staff.</p> <p>Complete payment interfaces are run on a daily basis.</p> <p>This is still in development due to resource constraints in the service.</p> <p>This is currently being tested.</p> <p>This has not happened as yet due to other urgent priorities in the service.</p>	      

Management Action Plan (July - December 2014) – Progress update


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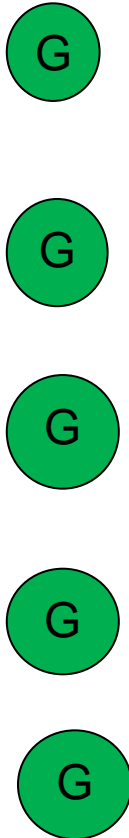
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SAP Application Controls (Dec-14)	Effective	<p>A process is agreed with the lead for partnership working to produce a list of expected transfer/access arrangements. IMT staff can then vet access against this list. (M)</p> <p>Partnership staff are required to sign off an acceptable usage policy prior to access. (M)</p>	<p>A recent IMT project reviewed the process for setting up access for all new starters. IMT vet all applications for system access as they are received. Requesting managers are required to submit an end date for any non-staff access. Partnership leads are required to submit details of new requests to IMT using the agreed process.</p> <p>Access to SAP is linked to a user LAN account. All LAN users are required to adhere to the IT Security Policy, including acceptable usage policy. IT monitors compliance with the policy.</p>	 

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Annex B

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Bus Operating Contracts (Dec-14)	Some Improvement Needed	<p>Priority should be given to the work that is already underway to implement a suitable alternative and a user friendly IT system which will enable transparency and audit trails of all operations that take place in the Bus Service Planning Team. (H)</p> <p>Referencing of contracts should be reviewed and a logical sequence adopted clearly separating the routes and days of operation. (H)</p> <p>Contracts with no end dates should be awarded as one year contracts and reviewed annually. (M)</p> <p>The proposed procurement arrangements of moving to Framework Contracts should be progressed as appropriate. (M)</p> <p>The new system should be supported by IMT to reduce the manual processes and support the planning and delivering of the bus service required for the residents of Surrey. (M)</p>	<p>The Mobisoft Travel Centre (MTC) system is being used to populate the bus contracts which will make the operations transparent and provide audit trails. Although the test system was available in April 2015, it had a number of issues and is expected to be completed by September 2015.</p> <p>As part of the above implementation, contracts will be referenced in a manner that will identify the routes and days of operations with clear audit trails.</p> <p>Contracts are being reviewed at present and will be awarded for periods as appropriate but reviewed annually if longer than 12 months.</p> <p>This work is currently in progress and once set up, the required procedures will be followed.</p> <p>There is a dedicated member of staff from IMT Surinder Sehdev who is currently supporting implementation and will assist the Bus Planning Team going forward.</p>	

Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
Supply of Equipment (Dec-14)	Some Improvement Needed	<p>Management should consider removing high cost items from the catalogue where lower cost equivalents are available. (M)</p> <p>Management should consider ways to encourage coordination between SCC and health prescribers. (M)</p> <p>Management should arrange workshops to train prescribers and encourage the use of service user led orders. (M)</p> <p>Management should monitor the use high cost delivery speeds and ‘service user led’ orders by teams, and revise the protocol for direct ‘verbal’ requests. (M)</p> <p>Management should consider how to change prescriber behaviour in particular with regards to: deadlines for same/next day delivery; speed of delivery; and multiple deliveries. (M)</p>	<p>No higher cost items with equivalent specifications have been identified in the existing catalogue but the viability of introducing lower cost equivalents is being explored. Additionally, the catalogue will be fully reviewed as part of the re-tender process.</p> <p>This continues to be discussed at joint Area Equipment Boards and has also been included in the brief of the whole systems review, which seeks to better coordinate equipment prescription pathways.</p> <p>Service user led ordering is included in training provided by Millbrook Healthcare, who are also investigating whether this option can be used as a ‘default’ on the Millflow ordering screen.</p> <p>Analysis of delivery speeds is included in monthly reporting from Millbrook Healthcare and highlighted to Equipment Boards for continued scrutiny. The revision to ‘verbal requests’ will form part of the service re-specification over the next three months.</p> <p>Existing protocols and authorisation processes have been re-emphasised. In addition, work is being undertaken to display advisory messages in the information ‘banner’ available in the Millflow ordering system.</p>	

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Management Action Plan (July - December 2014) – Progress update**Annex B**

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MAP Progress update – High Priority Recommendations not previously rated as “Green”




Annex C

Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
Transport for Education (Feb 2013)	Major Improvement Needed	<p>Special Educational Needs (SEN) staff should have clear written procedures to allow consistency (H)</p> <p>Senior Management should ensure that management information from the new system is fit for purpose (H)</p> <p>The SEN officers should be present at the reviews. The written reviews from schools should be reviewed by SEN Officers to indicate approval of the reviews and the costs (H)</p>	<p>Written procedures for SEN have not been completed.</p> <p>The new Mobisoft Travel Centre (MTC) system went live in April 2014 and a number of management reports are produced. These include the journeys completed, cost per journey, cost per child and performance monitoring of transport providers etc. Although good management information is available from the new system, its effective use by services is to be determined by the current audit in progress at present.</p> <p>The Schools & Learning (S&L) service has confirmed that the presence of SEN officers at reviews is not possible due to resource constraints. Instead, the end date (within 12 months) of transport provision is included in the initial transport request form so that confirmation from SEN officers is required prior to transport provision continuing beyond the end date. The proposed SEN pilot in the East area agreed to be undertaken in Autumn 2014 by S&L did not happen. SEN Code of Practice came into effect in September 2014 and the SEN policy which is currently in draft form is expected to be finalised by September 2015.</p> <p>The above will be reviewed as part of the current audit in progress.</p>	  

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SAP Application Controls (Apr 2013)	Some Improvement Needed	Activate table logging or adapt the change document process to cover master tables in SAP. (H)	<p>Table logging has not been implemented; however a review of direct table access and editing has resulted in a reduction in the number of users able to directly amend data.</p> <p>The management action taken does reduce the risk profile but the risk is not eliminated.</p>	
Risk Management Arrangements – Position Statement (Jul-13)	n/a (Position Statement)	Risk registers on S:net should be up to date with correct details for all staff to rely on and use in their work. (H).	The Strategic Risk Forum reviews risk register status at each meeting and the Risk and Governance Manager actively chases registers that are over 3 months old.	
Energy Management (Aug-13)	Some Improvement Needed	To discuss and agree with members a revised set of carbon omission and energy reduction targets. Staff may also need to revisit the basis of monitoring these targets. (H)	New policy approved at Cabinet on 24 March 2015. Monitoring performance against the new targets will involve annual data collection and analysis, with reporting to Overview and Scrutiny Committee and publishing externally in the council’s Annual report and in the specialist Greenhouse gas emissions report for DECC.	

MAP Progress update – High Priority Recommendations not previously rated as “Green”




Annex C

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Direct Payments (Sep-13)	Some Improvement Needed	<p>Management must seek to achieve the target of all service users receiving a SCR at least annually (H)</p> <p>Management must either invest further resources in chasing late reconciliations, taking more serious action against failures to complete required paperwork and ensuring that adequate support is available to service users struggling to complete their reconciliations, or alternative action is required. Management could, for example, consider outsourcing the reconciliation element of DP management. (H)</p> <p>By reducing the frequency of reconciliation required for lower risk (low value, stable care packages) DPs the staff could focus on the higher risk reconciliations.</p>	<p>ASC are still not able to provide at least annual review to all service users. ASC have developed an extensive set of management reports to assist in the management of workload and have consistently improved their position since the initial audit. The management reports have highlighted significant data quality issues which are being addressed through the process.</p> <p>The shortfall in completion of reconciliation persists but the planned use of prepaid cards, and the subsequent improvement in audit trail and transaction recording should improve the situation.</p>	<p style="text-align: center;"></p> <p style="text-align: center;"></p>

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Street Works Function (Sep-13)	Some Improvement Needed	An SLA should be agreed between the Materials Laboratory Team (MLT) and the Street Works Team (SWT) specifying the requirements that need to be met to ensure the completion of Street Works Team’s investigatory inspections (H) .	Following the re-organisation in Highways in 2014/15, the same budget holder currently manages the MLT and the SWT. The introduction of the Permit Scheme also provides more transparency to the SWT to be able to charge the contractor for defective work. As such, the SLA is no longer considered to be a requirement.	
SCC’s Contract Management Framework (Nov-13)	Some Improvement Needed	The Head of Procurement should seek clear CLT endorsement of the contract management framework roll-out project. Each Directorate should be asked to select timeframes for the roll-out of the project by 31 March 2015. A formal project plan for a properly resourced and prioritised roll-out of the framework should be agreed by 31 March 2014. (H)	Some evidence of gradual roll out the project but a recent external review of the contract management framework suggests the IT solution does not effectively support the contract management process as it is not used consistently	
Risk Management (May-14)	Some Improvement Needed	Each Service risk register should include clear linkages between entries that relate to the challenges and opportunities in achieving Service objectives and service priorities, as defined in their summary Service plans, or key annual discussions of Service priorities. (H)	Risk register discussions have taken place at Strategic Risk Forum and Council Risk and Resilience Forum (CRRF). Services are advised (via the Risk and Governance Manager and guidance on S:net) to focus their discussions on the key risks to achievement of objectives / priorities. These should link to service one-siders where they have replaced service plans.	

MAP Progress update – High Priority Recommendations not previously rated as “Green”

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Operation Horizon (May-14)	Some Improvement Needed	A process should be put in place for monthly payment of discounts due with the outstanding balance recovered from Kier MG immediately. (H)	<p>Kier have investigated an automated credit system to recover the discounts on a more regular (monthly) basis but this has not been possible with Maximo, the existing works management system. There is currently a manual process in place and discounts are applied as schemes are completed and a deduction is applied as payment is made. A further reconciliation is undertaken at year end when final costs of schemes are agreed.</p> <p>Once the 2014/15 final discount has been agreed, the existing arrangements for agreeing discounts will be further reviewed.</p>	

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2014/15 Annual Internal Audit Plan

Status @ May 2014

Corporate Governance Arrangements

CRSA and S151 responsibilities	Report issued
Risk Management	In progress
Annual Governance Statement - Internal Audit Opinion	Completed
Information Governance	In progress
Organisational Ethics	Report issued

Key Financial and Non Financial Systems

SAP Application controls - policy, roles and access	Report issued
Accounts Payable	Report issued
Capital Expenditure Monitoring	In progress
Payroll	Report issued
Accounts Receivable	In progress
Revenue Budget Control	Report issued
Treasury Management	Report issued
General Ledger	Report issued
Financial Assessments and Benefits	Report issued
Pension Administration	Deferred to 2015/16
Pension Fund Investments	Report issued

Grants

Government Grants	Completed
EU Grants	Completed

Contract Reviews

Agency Staff Contract	Report issued
Contract Management Framework - Procurement Savings	Report issued
Highway Contract – Safety Defects and Inspections	In progress
Superfast Broadband	Report issued
Bus Operating Contracts	Report issued
Walton Bridge Final Account	Audit cancelled

Adult Social Care

LA Trading Company - ASC	Report issued
Deputyship	Deferred to 2015/16
Better Care Fund	Report issued
AIS Care assessment process	In progress
Telecare	Report issued
ASC Commissioning Procurement Portal	Report issued
Care Bill Preparedness	Report issued

Business Services

Carbon Reduction Scheme & GHG	Report issued
Public Service Network	Report issued
Management of CITRIX systems	Report issued

UNICORN	Report issued
Apprenticeship Scheme	Report issued
Absence Management	Report issued
Property Investment Strategy	Audit cancelled
Property Asset Management (PAMS)	Report issued
Managed Print Service	In progress
LA Trading Company - Governance arrangements	Report issued
Grants to Voluntary Bodies	Report issued
Customers and Communities	
SFRS Operational Assurance Process	Report issued
Community Learning	In progress
Domestic Abuse	Report issued
Chief Executive's Office	
Health and Wellbeing Board	Report issued
Business Continuity Planning	Report issued
Voluntary Community and Faith Sector Framework	Audit cancelled
Public Health	Report issued
Emergency Management	Report issued
Member Interests	Report issued
Children's Schools and Families	
Schools compliance	Report issued
School Planning/Admissions	In progress
Children's Safeguarding Quality Assurance process	In progress
Corporate Parenting Board	Report issued
Foster Care	Deferred to 2015/16
Local Safeguarding Boards	In progress
Looked After Children - Personal Monies	Report issued
Direct Payments (Children's)	Report issued
Environment and Infrastructure	
Operation Horizon	Report issued
Transportation Co-ordination Centre - new system	In progress
Streetworks Permit Scheme	In progress
Waste Management and Minimisation	Report issued
Local Sustainable Transport Fund	Report issued
Follow-up Audits including:	
Social Care Debt - Credit Balances	Report issued
Appraisals	Report issued
Commercial Services	Report issued



Audit & Governance Committee
28 May 2015

**Full-year summary of Internal Audit irregularity investigations and counter fraud measures
April 2014 – March 2015**

Purpose of the report:

The purpose of this report is to inform members of the Audit and Governance Committee about irregularity investigations and proactive counter fraud work undertaken by Internal Audit between 1 April 2014 and 31 March 2015. This report complements and builds upon the half-year irregularity report presented to Audit and Governance Committee on 1 December 2014.

Recommendations

The committee is asked to:

1. Note the contents of this report; and
2. Approve the updated Strategy against Fraud and Corruption, attached at Annex B, and endorse it to Council for inclusion in the Constitution.

Introduction

3. The council's Financial Regulations require all officers and members of the council to notify the Chief Internal Auditor of any matter that involves, or is thought to involve, corruption or financial irregularity in the exercise of the functions of the council. Internal Audit will in turn pursue such investigations in line with the Strategy against Fraud and Corruption.
4. The annual Internal Audit Plan for 2014/15 carried within it a contingency budget for 'Irregularity and Special Investigations' of 335 days. This contingency covers time to investigate 'irregularities' (actual or alleged financial impropriety, corruption, and other similar matters) as well as time for proactive counter fraud work and the National Fraud Initiative (NFI), detailed in the latter part of this report.
5. Special ad hoc reviews not originally included in the agreed annual plan are also charged against this contingency if commissioned in-year by members or senior managers. While often linked to concerns raised by management or members, these reviews may also arise during the course of planned audit work.

6. Audit reports following irregularity investigations typically help to provide independent evidence to support a management case against an employee under formal disciplinary procedures, or help strengthen controls in areas where weaknesses are identified. As formalised in the Reporting and Escalation Policy, agreed by this committee, irregularity audit reports are not subject to the same distribution as general audit reports due to their confidential nature.

Summary of investigations between 1 April 2014 and 31 March 2015

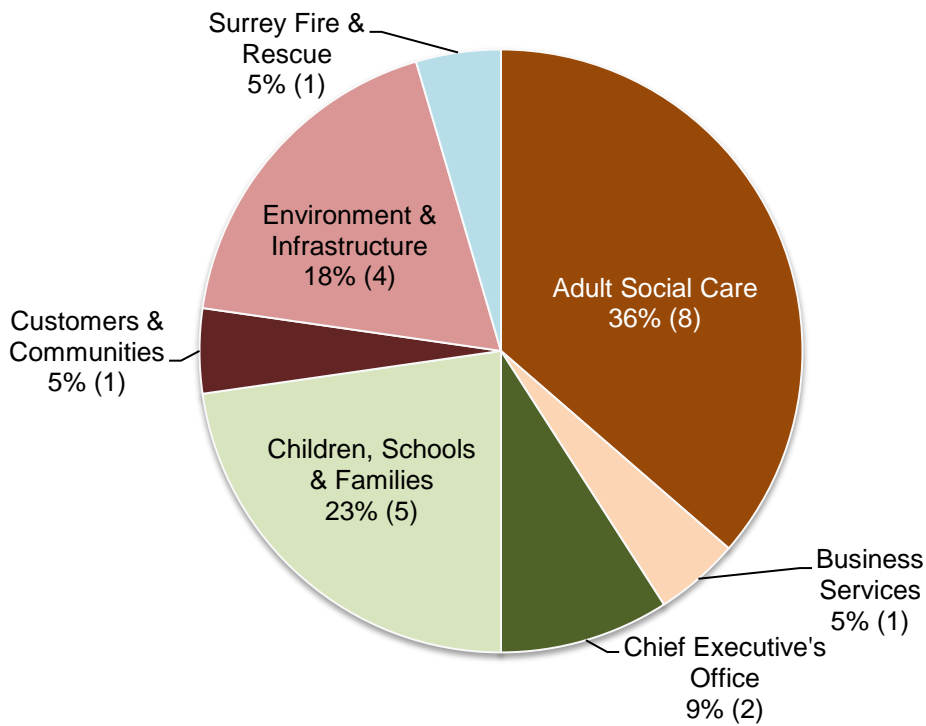
Resources

7. A flexible approach is used to allocate staff resources to investigations whereby any officer in the Internal Audit team may carry out investigative work with support as appropriate. Within the Internal Audit team, many of the counter fraud functions are coordinated by a Lead Auditor who is an Accredited Counter Fraud Specialist.
8. During 2014/15 a total of eight officers undertook work on irregularity investigations excluding ad hoc special reviews. The total time spent on investigations was 86 days (55 days in the first half of the year; 31 days in the second half of the year), which approximates to 0.38 of a full time equivalent post. The total comparative time taken in 2013/14 was 87.4 days.
9. Based solely on the hourly rates of these officers, the total amount spent on the investigation of fraud and irregularity in 2014/15 was £15,270 (increasing to £42,103 including average employer pension contributions and overhead charges).

Number and types of investigations

10. In the first six months of 2014/15 a total of 13 investigations commenced excluding ad hoc special reviews. By 31 March 2015 this had risen to 22 cases in total, a decrease from the 29 cases in 2013/14. Although the number of cases has fallen, the number of days spent on investigations is similar to 2013/14. This is mainly due to a particularly complex, 35-day case that required a significant amount of management support.
11. The methods by which cases were brought to the attention of Internal Audit are below:
- 12 were raised by management or Human Resources;
 - 5 arose due to whistle blowing allegations;
 - 3 were reported by other councils or public bodies;
 - 1 was raised by a member; and
 - 1 was the result of Internal Audit work.
12. The proportion of all recorded irregularities across the council's directorates is shown in Figure 1. Surrey Fire and Rescue Service is treated separately for the purpose of this report. The number of investigations is shown in parentheses.
13. Full details of the categories by which fraud and irregularity investigations are reported are attached at Annex A. All proven fraudulent or irregular behaviour by officers may be considered misconduct; similarly, poor controls increase the likelihood of fraud occurring. The categories, however, reflect alleged specific types of fraud or irregularity.
14. Of the 22 investigations started in 2014/15, 7 were proven; 2 are ongoing; and 13 were not proven. For those cases 'not proven', this is based on the specific allegations investigated; for example, while it may not be possible to prove 'theft' has occurred, a conclusion of 'poor control' might still be reached.

Figure 1. Investigated irregularities by directorate from 1 April 2014 to 31 March 2015



15. The categories of investigations undertaken are shown diagrammatically in Figure 2, which includes the number of investigations in parentheses. The category and allegations for cases undertaken in the second half of 2014/15 are summarised in Tables 1 to 3, which also detail outcomes for completed cases. Some cases may involve the allegation or investigation of more than one type of irregularity; the summaries therefore show the primary reason for investigation.

Figure 2. Summary of irregularities by type from 1 April 2014 to 31 March 2015

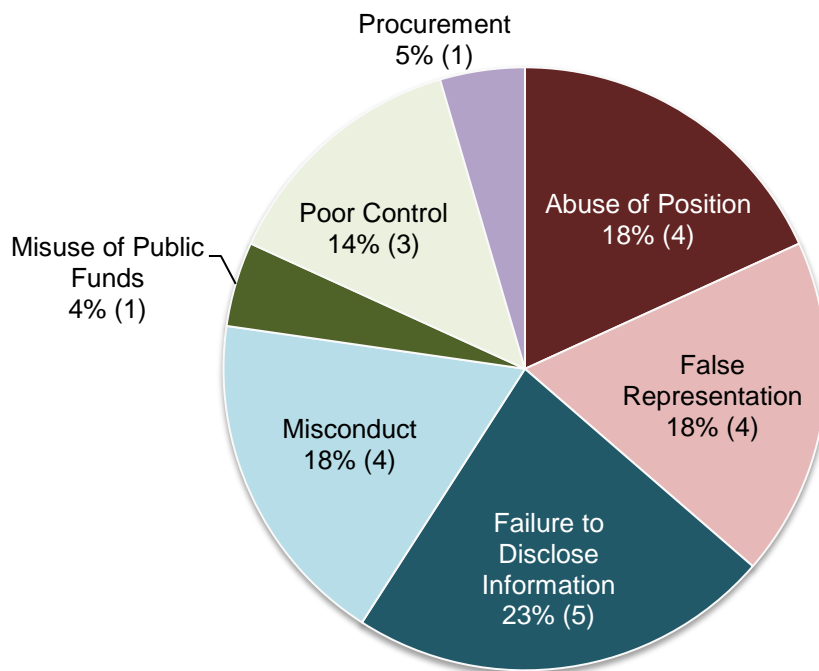


Table 1. Proven: 6 cases (7 over full year)

Category	Allegation	Outcome
False representation	Payment claimed for hours not worked	Officer dismissed
	Misuse of Blue Badges by care home employees (not SCC)	Blue Badges suspended by SCC; information passed on to Quality Assurance Team
	Exaggerated travel claims	Over £2,500 recovered; verbal warning issued
Failure to disclose information	Failure to declare a pecuniary interest while promoting the use of own company	Internal Audit supported a service-led investigation; officer dismissed
Procurement	Member of the public made applications for flood grants on behalf of others without their consent; included fake quotations	27 fraudulent applications identified and stopped, preventing £135k of fraud loss; the case will be referred to relevant authority
Misconduct	Officers disregarded management instruction and breached council policies	Written warnings issued as part of a disciplinary; upheld following appeal

Table 2. Not Proven: 4 cases (13 over full year)

Category	Allegation	Outcome
Poor control	Money missing from a petty cash tin	Unable to determine whether incident was theft or error; management advised on how to strengthen controls.
	Book of travel warrants missing	
Abuse of position	Attempt by school governors to sell school land without following appropriate procedures	No sale was completed. Evidence indicated the act was poor judgement rather than intention to commit an offence.
Misconduct	Officers sleeping while on night duty	No evidence found to support allegation; management controls strengthened

Table 3. Ongoing: 2 cases

Category	Allegation
Failure to disclose information	Receiving social care payments without entitlement
Abuse of position	Inconsistent decision-making

Proactive fraud prevention and awareness work

Fighting Fraud Locally

16. As reported to this committee in December 2014, a Fighting Fraud presentation has been developed highlighting the council's fraud risks and management responsibilities regarding fraud. During 2014/15 the presentation was delivered to more than 500 officers including Shared Services, Cultural Services, Adult Social Care, and Children, Schools and Families.
17. The 2015/16 Annual Audit Plan includes an allocation of 280 days for 'Irregularity and Special Investigations' work. This will be used in part to deliver the Fighting Fraud Plan, which includes NFI work as well as:
 - Conducting a fraud loss measurement exercise to establish the underlying prevalence of fraud across the council;
 - Continued delivery of the Fighting Fraud presentation, including to Procurement;
 - Developing a schools-based programme of proactive fraud work; and
 - Refreshing and promoting the Fraud e-learning package.
18. The data analytics programme for 2014/15, which focussed on financial reporting and vendors, identified a small number of potential irregularities relating to fuel cards and vendor relationships with officers. Full details of the results will be available in the Data Analytics audit report, which will be circulated shortly. Internal Audit will continue to use data analytics to proactively identify fraud. Areas for testing will be influenced by the fraud loss measurement exercise and also the Fraud Risk Register presented to this committee at its Fraud Seminar in January.

Counter fraud strategy

19. In line with good practice Internal Audit has reviewed the Strategy against Fraud and Corruption, attached at Annex B. The amendments made include the following:
 - The definition of 'fraud' has been brought into line with the definition used in the Transparency Code 2014;
 - References to the Criminal Records Bureau, Audit Commission, UK Border Agency, and National Fraud Authority have been replaced with the Disclosure and Barring Service, Cabinet Office, UK Visas and Immigration, and CIPFA Counter Fraud Centre, respectively;
 - Guidance relating to interviewing under the Police and Criminal Evidence Act 1984 and employing surveillance in line with the Regulation of Investigatory Powers Act 2000 has been reworded to ensure officers seek appropriate advice and authorisation before undertaking such activities; and
 - The requirement to inform the Audit Commission of any fraud losses exceeding £10,000 has been removed as this is no longer a national requirement.
20. As discussed with this committee at its Fraud Seminar in January 2015, the council is already broadly compliant with the five principles set out in CIPFA's Code of Practice on 'Managing the Risk of Fraud and Corruption'. A few specific areas for improvement have been identified, which will be reflected in a more in-depth review and refresh of the Strategy against Fraud and Corruption and Fraud Response Plan during 2015/16.

Partnership working

21. Following the successful bid for £539k of the Counter Fraud Fund made available by the Department for Communities and Local Government, Internal Audit has created a counter fraud partnership with seven of Surrey's borough and district councils.

22. Part of the funding has been spent on investigative resources to work with housing partners to tackle housing tenancy fraud. Additional workstreams are being developed to address business rates avoidance and housing registers. The partnership expects to generate savings of £800k in 2015/16.

National Fraud Initiative

23. The NFI data matching exercise, overseen by the Cabinet Office following the closure of the Audit Commission, has identified 18,500 data matches across 47 reports for 2014/15. This is a 5% increase from the 17,600 matches identified in the 2012/13 exercise, due entirely to the inclusion of a new data set regarding direct payments.
24. Initial review of the results suggests many of the matches are due to timing issues, such as notification of a pensioner's death, or data input errors. Investigation of the three highest priority matches relating to the immigration status of employees has identified no issues, the match being caused by timing issues or the failure of individuals to update their status.
25. To date, three irregularities warranting further investigation have been identified:
- Two sets of apparently duplicated invoices totalling £3,000;
 - Possible use of an assumed identity to obtain a concessionary travel pass; and
 - Possible receipt of social care payments without entitlement.

An update will be shared with this committee as part of the half-year irregularity report in December.

Implications

Financial and value for money

26. Public money is safeguarded through Internal Audit investigation of fraud and irregularities. This ensures that perpetrators are appropriately dealt with, monies are recovered where possible, and recommendations to improve internal control are made where necessary.

Equalities

27. There are no known equalities implications in this report.

Risk management

28. Combating fraud will contribute to better internal control and value for money.

Next steps

No specific action is required.

Report contact: Reem Burton, Lead Auditor, Policy & Performance

Contact details: 020 8541 7009, reem.burton@surreycc.gov.uk

Sources: Galileo database, Morgan Kai Insight database, irregularity reports

Definition of Fraud Categories

Annex A

Theme	Fraud category (for reporting)	Definition	Examples (not an exhaustive list)
Fraud Act 2006	False representation	Knowingly making an untrue or misleading representation to make gain, cause loss or expose the council to the risk of loss	Submitting incorrect expense claims; falsely claiming to hold a qualification
	Failure to disclose information	Intentionally withholding information to make gain, cause loss or expose the council to the risk of loss	Failing to declare pecuniary interests or additional employment
	Abuse of position	Use of position to act against, or fail to safeguard, the interests of the council or individuals under the council's care	Nepotism; financial abuse of social care individuals
Theft Act 1968	Theft	Dishonest appropriation of assets (often cash) belonging to the council or individuals under the council's care	Removing cash from safes; removing individuals' personal items in care homes
Bribery & Corruption Act 2010	Corruption	Offering, giving, soliciting or accepting any inducement or reward which may influence a person's actions, or to gain a commercial or contractual advantage	Accepting money to ensure a contract is awarded to a particular supplier
Finance and reporting	False reporting	Intentional manipulation of financial or non-financial information to distort or provide misleading reports	Falsifying statistics to ensure performance targets are met; delaying payments to distort financial position
	Misuse of public funds	The use of public funds for ultra vires expenditure or expenditure for purposes other than those intended	Officers misusing grant funding; individuals misusing social care direct payments
	Procurement	Any matter relating to the dishonest procurement of goods and services by internal or external persons	Breach of the Procurement Standing Orders; collusive tendering; falsifying quotations
Internal	Misconduct	Failure to act in accordance with the Code of Conduct, council policies or management instructions	Undertaking additional work during contracted hours; personal use of council IT equipment
	Poor Control	Weak local or corporate arrangements result in loss of council assets or breach of council policy	Storing a key to a safe in the immediate vicinity of the safe

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SURREY COUNTY COUNCIL'S STRATEGY AGAINST FRAUD AND CORRUPTION

1. Introduction

- 1.1 Surrey County Council is one of the county's largest organisations, employing over 26,000 people and with a gross spend of £1.7 billion in 2015/16. It is required by law to protect the public funds it administers. In delivering its objectives the council maintains a zero tolerance approach to fraud and corruption, whether it is attempted from outside the council (the public, clients, partners, contractors, suppliers or other organisations) or within (Members and employees). It is committed to this Strategy against Fraud and Corruption, which:
- acknowledges the threat of fraud;
 - encourages prevention;
 - promotes detection;
 - identifies a clear pathway for investigation; and
 - sets out the appropriate sanctions, including the recovery of losses.
- 1.2 The Audit Commission's 'Protecting the Public Purse' defines fraud as an intentional false representation, including failure to declare information, or an abuse of position carried out to make gain, cause loss or expose another to the risk of loss.
- 1.3 Corruption is the offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person or the misuse of entrusted power for personal gain. The Bribery Act 2010 makes it an offence to offer, promise or give a bribe and to request, agree to receive or accept a bribe. In addition it is a corporate offence for an organisation to fail to prevent bribery in the course of its business.

2. Expectation

- 2.1 Surrey County Council promotes a culture of openness with the core values of trust, respect and responsibility enshrined within it. The Council is totally opposed to any form of fraud and corruption.
- 2.2 The council's expectation on propriety and accountability is that Members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices. The council also expects that individuals and organisations (the public, partners, suppliers, contractors and other service providers) with whom it deals will act towards the council with integrity and without thought or actions involving fraud and corruption. All would be expected and encouraged to tell the council about any fraud or corruption they suspect. There is advice on how to do this in Appendix A.

- 2.3 The council will ensure that all allegations received are taken seriously and investigated in an appropriate manner. Anonymous allegations will be considered within the limitations of the information available. Investigations will be subject to the requirements of the Human Rights Act 1998 and the Regulation of Investigatory Powers Act 2000.
- 2.4 Senior management is expected to deal swiftly and firmly with those who defraud or seek to defraud the Council, or who are corrupt. The council will always be robust in dealing with financial malpractice or those who breach statutory and legal obligations and its code of conduct. A Fraud Response Plan is included as Appendix B

3. Roles and responsibilities

The Role of Elected Members

- 3.1 As elected representatives, all Members of the council have a duty to act in the public interest and do whatever they can to ensure that the council uses its resources in accordance with statute.
- 3.2 This is achieved through Members operating within:
- the [Council's Member Code of Conduct](#); and
 - the [Constitution](#), including Corporate Governance Assurance Framework, Financial Regulations and Procurement Standing Orders.
- 3.3 The Localism Act 2011 requires Members to declare and register disclosable pecuniary interests to the Monitoring Officer as these may cause potential areas of conflict between Members' County Council duties and responsibilities and any other areas of their personal or professional lives.

The Role of Employees

- 3.4 Employees are Surrey County Council's first line of defence and the council will expect and encourage them to be alert to the possibility of fraud and corruption and report any suspected cases.
- 3.5 Employees are expected to comply with the council's [Code of Conduct](#) for staff, which forms part of each employee's contract of employment. This is available on the Human Resources and Organisational Development section of the Council's Intranet (S-net). Employees should also follow standards of conduct laid down by their own professional body or institute (where applicable).
- 3.6 Employees are responsible for ensuring that they follow the instructions given to them by management and comply with the procedures and rules laid down by the council in the Corporate Governance Assessment Framework. They are under a statutory duty to account for money and property committed to their charge.

- 3.7 All employees are required to comply with Section 117 of the Local Government Act 1972. This requires a written declaration of any pecuniary or close personal interests in contracts that have been, or it is proposed will be, entered into by the County Council to be held on their personal file. The legislation also prohibits the acceptance of fees or rewards other than by means of proper remuneration. Failure to disclose an interest or the acceptance of an inappropriate reward may result in disciplinary action or criminal liability.
- 3.8 Managers at all levels are responsible for the communication and implementation of this Strategy in their work area. They are also responsible for ensuring that their employees are aware of the arrangements to secure corporate governance, and that the requirements are being met in their work activities.
- 3.9 Managers are expected to create an environment in which their members of staff feel able to approach them with any concerns that they may have about suspected irregularities.

Others

- 3.10 Surrey County Council expects the public, clients, partners, contractors, suppliers and any other organisations to act honestly in their dealings with it and will check contractors' and suppliers' references as well as carrying out suitable financial checks.

4. Surrey County Council's Commitment

- 4.1 Theft, fraud and corruption are serious offences against the authority and employees and Members will face disciplinary action if there is evidence that they have been involved in these activities. Where appropriate, cases will be referred to the Police.
- 4.2 A key measure in the prevention of fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential employees in terms of their propriety and integrity. Employee recruitment should, therefore, be in accordance with the procedures laid down by the Head of Human Resources Operations, which are available on the council's Intranet (S-net), and include:
- obtaining references and checking qualifications;
 - confirming the right to work in the United Kingdom; and
 - checks by the Disclosure and Barring Service.

The recruitment of temporary and permanent employees is dealt with in a similar manner.

- 10
- 4.3 In all cases where financial loss to the authority has occurred, the authority will take appropriate action to recover the loss.
 - 4.4 Updates on counter fraud and corruption activity, including updates to this Strategy, will be publicised in order to make employees and the public aware of the authority's continuing commitment to taking action on fraud and corruption when it occurs.
 - 4.5 To promote knowledge in current anti-fraud and anti-corruption matters Internal Audit will forward advice and information received from the National Anti-Fraud Network (NAFN) to relevant services across the Council.

5. Detection and Investigation

- 5.1 It is the responsibility of management to maintain an adequate internal control environment to prevent and detect fraud and corruption. It is often the alertness of staff and the public that enables detection and appropriate action to be taken. The investigation of fraud and corruption is undertaken by the council's Internal Audit Team.
- 5.2 The council's Financial Regulations require all suspected financial irregularities to be reported (orally or in writing) to the Chief Internal Auditor so that an internal audit investigation of the allegations can be undertaken in line with the Fraud Response Plan included as Appendix B. This is essential to the Strategy to ensure consistency of treatment, adequate investigation and protection of the council's interests.
- 5.3 The Chief Internal Auditor will ensure that the individual reporting any suspected irregularity is appropriately supported throughout this process, taking particular account of the likely sensitive nature of such an investigation.
- 5.4 The council expects the Police to be made aware of any impropriety which constitutes a criminal offence. However, any decision to refer a matter to the Police will be made by the Chief Internal Auditor.
- 5.5 The County Council's [disciplinary procedure](#) will be used where the outcome of an investigation indicates improper behaviour by a member of staff. Referral to the Police will not prohibit disciplinary action under the Disciplinary Policy.
- 5.6 In the case of allegations against Members being in breach of their Code of Conduct, these are reported to the Council's Monitoring Officer (Head of Legal and Democratic Services) and will be investigated by the Monitoring Officer or a person appointed by her.

5.7 Surrey County Council is required to participate in the National Fraud Initiative data matching exercise overseen by the Cabinet Office. The council provides sets of data, including payroll, to the Cabinet Office. It does not require the consent of the individuals concerned under the Data Protection Act 1998. Details of the data used are set out in Cabinet Office guidance, available at www.gov.uk.

5.8 Arrangements are in place, and continue to develop, to encourage the exchange of information between the County Council and other agencies on a national and local level to combat fraud and corruption, including the National Anti-Fraud Network (NAFN), CIPFA Counter Fraud Centre, and UK Visas and immigration.

6. Awareness and Training

6.1 Surrey County Council recognises that the continuing success of its Strategy against Fraud and Corruption and its general credibility will depend partly on the effectiveness of training and the responsiveness of employees throughout the organisation.

6.2 The council supports induction training, staff appraisal and development. It supports governance and fraud-awareness training. All staff and Members, especially those involved in internal control systems, need to understand their responsibilities and duties in regard to the prevention and reporting of suspected fraud and corruption. It is important to regularly highlight and reinforce this.

7. Availability

7.1 This Strategy is available to all employees and members via the Surrey County Council intranet (S-net). Copies can also be obtained from council employees through key public access points across the county such as libraries, as well as being accessible through the council's external web site.

8. Conclusion

8.1 Surrey County Council has in place systems and procedures to assist in the fight against fraud and corruption. Internal Audit will monitor the success of these measures to ensure that all opportunities for preventing and detecting fraudulent or corrupt activity are maximised. This strategy will be subject to regular review by Internal Audit and approved by Audit and Governance Committee.

DAVID MCNULTY,
Chief Executive, April 2015

Advice on reporting suspected fraud or corruption

Surrey County Council expects all its employees, Council Members, partners, contractors, the public, clients and organisations to provide information if fraud or corruption is suspected. This is often known as whistle blowing. The council's [whistle blowing policy](#) can be found on S-net. In addition, an employee, raising concerns in good faith, should be aware of the protection afforded to them by the Public Interest Disclosure Act (PIDA) 1998.

Examples of concerns may include the following:

- criminal offence;
- false documentation;
- failure to comply with a statutory or legal obligation;
- improper use of public or other funds;
- abuse of the council's systems;
- maladministration, misconduct or malpractice;
- endangering health and safety;
- damage to the environment;
- misuse of an individual's personal position;
- the offer or acceptance of a bribe; and/or
- deliberate concealment of any of the above.

All information or concerns received will be treated seriously and in strict confidence and employees should raise issues with their line manager in the first instance or the officer directly responsible for the area concerned. If anyone feels unable to speak to their line manager or the officer directly responsible for the area they are concerned about, they can contact any of the individuals on the table overleaf.

Members, the public, partners, contractors and organisations can also contact Surrey County Council via these contacts if they suspect theft, fraud or corruption. The Chief Internal Auditor should be advised of any such referrals received as complaints to Services.

If anyone feels unable to raise their concerns in the above ways, then they may wish to phone Expolink, the council's independent reporting hotline on 0800 374 199, or consult Public Concern at Work on 020 7404 6609, which is a registered charity providing free and strictly confidential advice.

All allegations of theft, fraud or corruption received will be investigated and should be referred to the Chief Internal Auditor for a decision on how an investigation should proceed in line with the Fraud Response Plan included as Appendix B.

Contact Information for reporting on possible theft, fraud or corruption at
Surrey County Council

Contact	Telephone	E-mail
Chief Internal Auditor	020 8541 9190 / 020 8541 9299	internal.audit@surreycc.gov.uk
Chief Finance Officer (S151 Officer)	020 8541 7012	sheila.little@surreycc.gov.uk
Head of Legal and Democratic Services (Monitoring Officer)	020 8541 9001	monitoringofficer@surreycc.gov.uk
Chief Executive	020 8541 8018	david.mculty@surreycc.gov.uk
Elected Members		See website www.surreycc.gov.uk Your Council - Councillors and Committees - Surrey County Councillors
Leader of the Council		david.hodge@surreycc.gov.uk
Chairman of Audit and Governance Committee		nicholas.harrison@surreycc.gov.uk
Grant Thornton (the council's external auditors)	020 7833 5100	See website www.grant-thornton.co.uk
Expolink (independent, confidential hotline)	0800 374 199	See website www.expolink.co.uk
Public Concern at Work (charity offering free advice)	020 7404 6609	See website www.pcaw.org.uk

Fraud Response Plan

Introduction

- 1.1 This Fraud Response Plan forms part of the council's overall Strategy against Fraud and Corruption and covers the council's response to suspected or apparent irregularities affecting resources belonging to or administered by the council, or fraud perpetrated by contractors and suppliers against the council.
- 1.2 It is important that managers know what to do in the event of fraud so that they can act without delay. The Fraud Response Plan provides such guidance to ensure effective and timely action is taken. Other documents that should be referred to when reading the Plan include:
 - Code of Conduct for staff
 - Disciplinary Policy and procedures
 - Financial Regulations

Objective of the Fraud Response Plan

- 2.1 To ensure that prompt and effective action can be taken to:
 - Prevent losses of funds or other assets where fraud has occurred and to maximise recovery of losses
 - Identify the perpetrator and maximise the success of any disciplinary or legal action taken
 - Reduce adverse impacts on the business of the council
 - Minimise the occurrence of fraud by taking prompt action at the first sign of a problem
 - Minimise any adverse publicity for the organisation suffered as a result of fraud
 - Identify any lessons which can be acted upon in managing fraud in the future

How to respond to an allegation of theft, fraud or corruption

Initial Response

- 3.1 Listen to the concerns of staff and treat every report seriously and sensitively.
- 3.2 Obtain as much information as possible from the member of staff, including any notes or evidence to support the allegation. Do not interfere with this evidence and ensure it is kept secure.
- 3.3 Contact the Chief Internal Auditor to discuss the allegation as required by Financial Regulations 4.5 and agree any proposed action. An evaluation of the case should include the following details:

- Outline of allegations
 - Officers involved, including job role and line manager
 - Amount involved / materiality / impact
 - Involvement of any other parties
 - Timescales – one off or ongoing
 - Evidence – where held and access
- 3.4 Where it is appropriate to do so (i.e. without alerting the alleged perpetrator), initial enquiries may be made by the manager or Internal Audit, as agreed with the Chief Internal Auditor, to determine if there actually does appear to be an issue of fraud or other irregularity.
- 3.5 During the initial enquiries, managers should
- Determine the factors that gave rise to the suspicion
 - Examine the factors to determine whether a genuine mistake had been made or whether a fraud or irregularity has occurred
 - Where necessary, carry out discreet enquiries with staff and/or review documents
- 3.6 The Chief Internal Auditor should be informed of the results of the initial enquiry so that the case can be closed or a more detailed investigation organised. Regulation 4.4 of the County Council's Financial Regulations gives the Chief Internal Auditor and her staff the power to access documents, obtain information and explanations from any officer for the purpose of audit.
- 3.8 Where the initial enquiry appears to indicate misconduct by a council employee the manager should inform Internal Audit of
- All the evidence gathered; and
 - The actions taken with regard to the employee (e.g. suspension or redeployment) or any other action taken to prevent further loss.
- 3.9 The manager should liaise with HR and be aware of the council's requirements regarding the disciplinary process (as published on S-net). If suspension is necessary, it needs prior approval by the Head of Service as the act of suspension is led by the service.
- 3.10 If it is found that an allegation has been made frivolously disciplinary action may be taken against the person making the allegation. If it is found that an allegation has been made maliciously, or for personal gain, then disciplinary action should be taken against the person making the allegation.

Internal Investigation

- 4.1 Depending on the size of the fraud or the circumstances of its perpetration, the Chief Internal Auditor will consider whether Internal Audit staff should undertake

the investigation. If appropriate, advice and guidance will be provided to enable an investigation to be undertaken by an appropriate officer in their Service.

- 4.2 Internal Audit will review the outcome of the investigation (irrespective of whether undertaken by its own staff or Service staff), to ensure that appropriate action is taken to help disclose similar frauds and make recommendations to strengthen control systems.

Investigating Officer

- 4.3 The Investigating Officer (either from the directorate or from Internal Audit) will:
- Deal promptly with the matter;
 - Record all evidence that has been received;
 - Ensure that evidence is sound and adequately supported;
 - Secure all of the evidence that has been collected;
 - Where appropriate, contact other agencies (e.g. Police, Serious Fraud Office);
 - Where appropriate, arrange for the notification of the council's insurers;
 - Report to senior management and, where appropriate, recommend that management take disciplinary and/or criminal action in accordance with this Strategy and the council's Disciplinary Procedures;
 - Seek advice from the Chief Internal Auditor if criminal acts are being investigated to ensure any interview of potential suspects is in line with the guidance of the Police and Criminal Evidence Act 1984 (PACE); and
 - Not employ surveillance techniques without seeking advice from the Chief Internal Auditor on the Regulation of Investigatory Powers Act 2000 (RIPA), as modified by the Protection of Freedoms Act 2012, to ensure actions are compliant with RIPA and appropriate authorisation is obtained
- 4.4 Where circumstances merit, close liaison will take place between the Investigating Officer, Internal Audit, S151 Officer, Monitoring Officer, the respective Service/Directorate, Human Resources and relevant outside agencies as appropriate.

Sanctions and Recovery of Losses

Disciplinary Action

- 5.1 The manager is responsible for taking the appropriate disciplinary action as set out in the council's Disciplinary Policy.
- 5.2 If a criminal offence is discovered, it may be appropriate to pursue a criminal prosecution. This could be instigated by the council under S222 of the Local Government Act 1972 or by referring the evidence to the police.

Police

- 5.3 The Chief Internal Auditor will determine whether the police need to be involved either from the start or at a later stage in the investigation. If the police are involved, Internal Audit will support the police investigation as necessary.

Recovery of Losses

- 5.4 Where the council has suffered a loss, restitution will be sought of any benefit or advantage obtained and the recovery of costs will be sought from individual(s) or organisations responsible.
- 5.5 Where an employee is a member of the Surrey County Council pension scheme and is convicted of fraud, the council may be able to recover the loss from the capital value of the individual's accrued benefits in the scheme, which are then reduced as advised by the actuary.
- 5.6 The council will also take civil action, as appropriate, to recover the loss.

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Audit & Governance Committee
28 May 2015

RISK MANAGEMENT ANNUAL REPORT

Purpose of the report:

This annual risk management report enables the committee to meet its responsibilities for monitoring the development and operation of the council's risk management arrangements. It also presents the latest Leadership Risk Register.

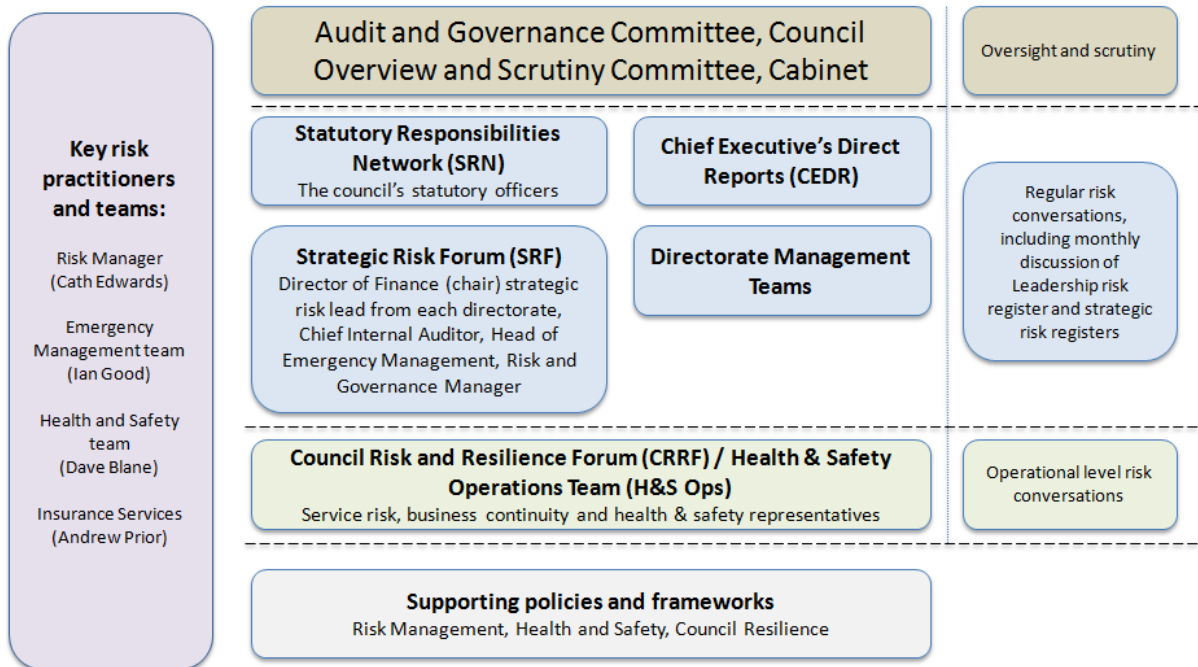
Recommendations:

It is recommended that Members:

1. Consider the contents of the report and confirm they are satisfied with the risk management arrangements;
2. Endorse the Risk Management Strategy to Council for inclusion in the Constitution (Annex B); and
3. Review the Leadership Risk Register (Annex C) and determine whether there are any matters that they wish to draw to the attention of the Chief Executive, Cabinet, specific Cabinet Member or relevant Select Committee.

Introduction:

4. The terms of reference of the Audit and Governance Committee include the requirement to monitor the effective development and operation of the council's risk management arrangements. This report summarises the risk management activity from April 2014 to date. Annex A details the progress on the internal audit management action plan from last year. The council's risk governance arrangements are shown below.
5. The Risk and Governance Manager returned from six months maternity leave on 5 January 2015. During her period of absence the risk management element of her role was covered by the Senior Principal Accountant – Management Accounting.



Surrey County Council's risk governance arrangements.

2014/15 key activity summary:

Strategic risk arrangements

- The Director of Finance provides strong leadership on the council's risk management arrangements, which enables effective strategic risk conversations with senior officers and members. Monthly risk updates are provided by the Director of Finance to the Statutory Responsibilities Network¹ (SRN) and on an ad hoc basis to the Chief Executive's Direct Reports. The risk updates include proposed changes to the Leadership risk register and emerging risks.
- The Strategic Risk Forum (SRF), chaired by the Director of Finance, has met seven times since April 2014. Membership consists of strategic risk leads, Risk and Governance Manager, Chief Internal Auditor and Head of Emergency Management. The meetings focus on challenge and scrutiny of strategic risk (directorate and leadership risks), common themes and emerging risks.
- The SRF has also been continuing the work on risk culture and has begun developing the council's risk appetite and tolerance levels through the use of analysis of the risk registers in graphical and visual form. Clear and simple risk information and overviews of risk levels and controls are enabling improved and focused conversations on risk.
- The Leadership Risk Register is presented to Cabinet on a quarterly basis to provide oversight of the council's strategic risks and controls. The Cabinet attended an informal risk workshop on 24 March 2015, which was facilitated by the Director of Finance. The workshop was also attended by the Chief Executive, Strategic Directors and representatives of the SRF. The discussion confirmed that all the current strategic risks to the council are reflected in the Leadership Risk Register.

¹ Statutory Responsibilities Network membership – Chief Executive (Chair), statutory officers for Social Care, Education, Fire, Public Health, Director of Finance, Director of Legal and Democratic Services, Chief Internal Auditor, Director of People and Development.

10. The Finance service has recently achieved the Customer Service Excellence² standard and the assessor particularly highlighted ‘the positive use of visualisation approaches to get the whole organisation excited about risk.’

Operational risk arrangements

11. The Risk and Governance Manager ensures that risk registers received from risk representatives are uploaded onto the snet in a timely manner. A report on the status of risk registers on the snet is provided to the SRF at each meeting, which highlights risk registers that are more than three months old.

Council Risk and Resilience Forum

12. There have been two formal meetings of the CRRF during the year, which are attended by service risk and business continuity representatives. The formal meetings have been effective in sharing knowledge and good practice between services in relation to identifying and managing current and emerging risks and supporting the ongoing development of business continuity arrangements.
13. There have also been three interactive workshops that are targeted at CRRF representatives and members of their service recovery teams, as identified in their business continuity plans. The workshops provide updates on risk and resilience events and policy changes and each workshop is themed to help services validate their business continuity planning arrangements through interactive scenarios. The three workshops have focused on workplace recovery planning, risk management arrangements and provider resilience.

Business Continuity

14. The Emergency Management Team has been working with Procurement and Commissioning to strengthen supplier resilience. Critical suppliers (those who are essential to the delivery of the most critical council activities) are now required to provide evidence of their business continuity arrangements. The evidence is proportionate to the criticality of the supplier.
15. Internal audit have undertaken a review of business continuity planning. The overall audit opinion is Some Improvement Needed and four medium/low priority recommendations have been made. The review concluded that business continuity guidance and supporting documentation is detailed and accurate and there is close working between the Emergency Management Team and key frontline services.

Insurance

16. The insurance team have completed another tender for Insurance Services that will last for the next five years through the Official Journal of the European Union (OJEU) process. The new ‘long term agreement’ will finish in March 2020. The majority of the council’s insurance policies carry a £100k excess per claim with the exception of casualty claims which have an excess of £500,000 and an insurance fund is in place to provide funds from which to pay claims falling within the excess.

² Customer Service Excellence is an independently validated assessment that tests delivery, timeliness, information, professionalism, customer insight and measurement of service satisfaction.

Internal audit review:

17. Internal audit provide an annual independent assessment of the risk management arrangements. The 2014/15 review is ongoing and will be reported to the next committee meeting. Any resultant management action plan will be reviewed and monitored by the SRF.

Focus for 2015/16:

Risk culture

18. The SRF will continue to lead on the risk culture work, including further development of the council's risk appetite and tolerance using visual techniques to assist risk conversations at both strategic and operational levels.

Risk registers

19. Directorate and service risk registers will continue to be monitored by the Risk Manager and escalated through the SRF regarding the timeliness of review, updating and availability on the snet.
20. The Risk and Governance Manager will work with risk representatives to develop risk registers in relation to inherent/residual risk levels and risk controls to ensure consistency across the organisation and aid analysis.

Risk management strategy and plan:

21. The risk management strategy 2015-20 (Annex B) has undergone a refresh and clearly sets out the council's risk management approach on one page, in alignment with the Corporate Strategy.
22. The risk management strategy is supplemented by the risk management plan which outlines the risk governance arrangements, specific roles and responsibilities and the key risk actions for 2015/16.
23. The risk management strategy and plan were reviewed and agreed by the SRF at the meeting on 13 May 2015.

Leadership risk register:

24. The Leadership Risk Register (Annex C) is owned by the Chief Executive and shows the council's 14 key strategic risks.

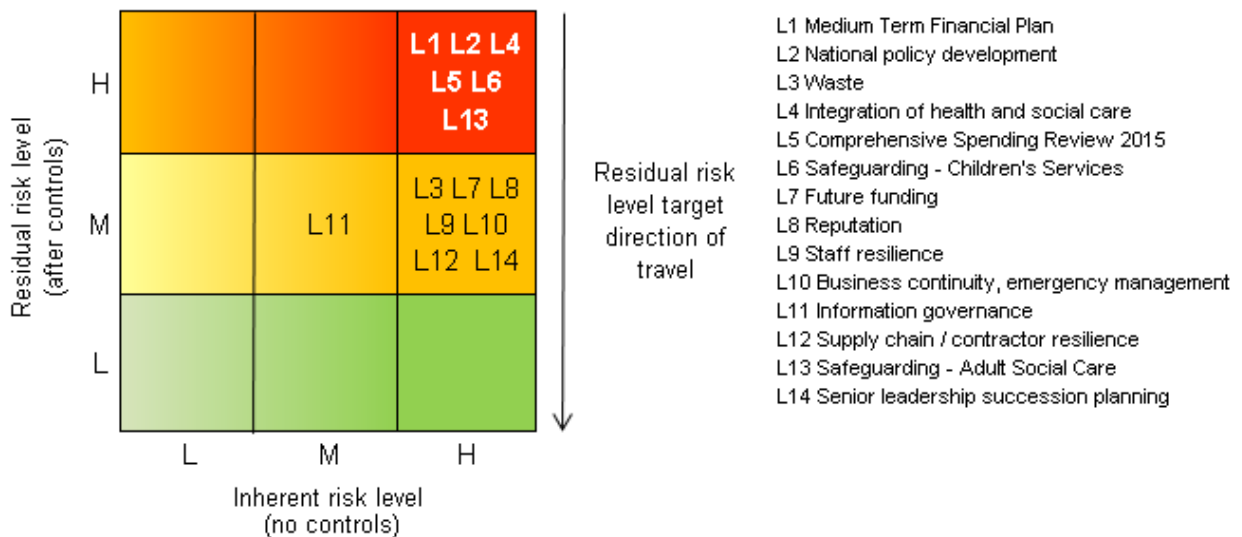
Changes to the risk register

25. Since the last meeting of the committee, the following changes have been made to the risk register:
- Addition of a new risk with a medium residual risk level – Senior Leadership Succession Planning (L14);
 - Wording changes have been made to the 'processes in place' and 'controls' for risks L1, L2, L4, L6, L10, L11, L12 and L13; and

- The risk descriptions have been updated for National policy development (L2) and Staff resilience (L9).

Residual risk level

- The Leadership Risk Register includes both the inherent and residual risk levels for each risk. Inherent risk is the level of risk before any control activities are applied. The residual risk level takes into account the controls that are already in place, detailed on the risk register as both ‘processes in place’ and ‘controls.’
- There are 14 risks on the Leadership Risk Register, of which 13 have a high inherent risk level, as illustrated in the table below. Despite mitigating actions, eight of these risks continue to have a medium residual risk level (L3,L7,L8,L9,L10,L11,L12,L14) and six continue to have a high residual risk level (L1,L2,L4,L5,L6,L13): showing the significant level of risk that the council is facing despite the processes and controls being put in place to manage the risks.



Implications:

Financial and value for money implications

- Integrated risk management arrangements, including effective controls and timely action, supports the achievement of the council’s objectives and enables value for money.

Equalities and Diversity Implications

- There are no direct equalities implications in this report.

Risk Management Implications

- Embedded risk management arrangements leads to improved governance and effective decision-making.

Report contact: Cath Edwards, Risk and Governance Manager, Finance

Contact details: 020 8541 9193 or cath.edwards@surreycc.gov.uk

Sources/background papers:

- Risk management half year report, SRF and CRRF agendas and minutes,

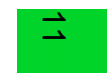
Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Officer responsible	Progress as at April 2015
5.4.4	Directorate Leadership Teams (DLT) and Senior Management Teams (SMT) should better link their meeting discussions to their risk register. Most new topics raised should either create a new risk register entry or be considered as informing judgement on risks already reflected on the register.	Medium Priority	Via Strategic Risk Forum (SRF) and Council Risk and Resilience Forum (CRRF), encourage risk registers to be used at DLTs and SMTs to formally document the output of risk discussions and update with new risks/controls as appropriate.	Ongoing	Directorate risk leads and service risk reps	A CRRF workshop focused on risk took place in July 2014 to provide refresher risk training to risk reps. This included an overview of key roles and responsibilities, the council's key risk principles and risk culture work. SRF and CRRF meetings include discussions on the use of risk registers.
5.5.12	Each Service risk register should include clear linkages between entries that relate to the challenges and opportunities in achieving Service objectives and service priorities, as defined in their summary Service plans, or key annual discussions of Service priorities.	High Priority	Via SRF and CRRF, encourage conversations within services that link risk registers to service objectives/priorities and formally document as appropriate.	Ongoing	Directorate risk leads and service risk reps	As above, risk register discussions have taken place at SRF and CRRF. Services are advised (via the Risk and Governance Manager and guidance on snet) to focus their discussions on the key risks to achievement of objectives/priorities.
5.5.13	The monitoring of the frequency that risk registers are being updated should be developed, perhaps integrating performance with other corporate monitoring systems.	Medium Priority	Proactively chase risk registers that are due to become out of date – as per the criteria in the risk framework. Through the risk culture work, encourage the use	Ongoing	Risk and Governance Manager	SRF reviews risk registers status at each meeting and the Risk and Governance Manager actively chases registers that are over 3 months old. Visual management has





			of visual management to highlight risk register review.			been discussed at SRF and risk leads have taken forward with their management teams as appropriate.
5.5.14	Performance on risk management in line with the corporate framework should be a key 'ways of working' behavioural target for senior staff.	Low Priority	Liaise with HR to consider the inclusion of risk within generic job descriptions for senior management.	September 2014	Head of HR / Director of Finance	Completed Risk will not be explicitly included within job descriptions but key priorities, and therefore key risks, are regularly discussed during conversations between the Chief Executive and his direct reports.
5.5.15	Within the Leadership Risk Register, consideration should be given to whether each entry should include one or two key metrics which help inform readers of the scale of risk or the potential impact of losses.	Low Priority	Review risk descriptions on the leadership risk register to ensure consequences are clearly articulated.	July 2014	SRF	Completed. The Statutory Responsibilities Network (SRN), with support from the SRF, undertook a comprehensive review of the Leadership risk register in August 2014, which was then reported to both Audit and Governance Committee and Cabinet.
			Add a footnote to the leadership risk register to show the underlying criteria for risk levels.	June 2014	Risk and Governance Manager	Completed. The leadership level risk assessment criteria are attached to the Leadership risk register.

5.6.11	The Governance Panel should consider using the Control Risk Self Assessment (CRSA) work in 2014/15 to help assess how aware senior management are of risks in other Directorates and provide a further encouragement to them to become better informed	Low Priority	To be discussed at the next Governance Panel meeting during the 'agreement of CRSAs' agenda item.	November 2014	Risk and Governance Manager / Chief Internal Auditor	<p>Completed. The Governance Panel agreed that risk management did not need to be included within the CRSA exercise for 2014/15.</p> <p>The networked approach across the organisation is enabling better risk conversations across areas as well as directorates/services.</p>
5.6.12	At least twice each year, the Leadership Risk Register should be presented to the Cabinet for consideration, discussion and amendment as appropriate.	Medium Priority	The leadership risk register is being presented to the Cabinet on a quarterly basis (since March 2014).	Complete	Risk and Governance Manager	<p>Completed. The leadership risk register has been presented to the Cabinet each quarter throughout 2014/15 and will continue to be presented on a quarterly basis.</p> <p>A risk workshop, focusing on strategic risk, has also been held with the Cabinet.</p>
5.6.13	SCC should utilise one of the methodologies widely used in other sectors to help elucidate a meaningful statement of SCC's risk appetite.	Medium Priority	Best practice will be considered as part of the SRF risk culture work.	April 2015	Director of Finance / SRF	<p>Ongoing. A risk appetite paper, developed using best practice, was considered by SRF in March 2015 to begin to develop the council's levels of risk</p>





						appetite and tolerance.
5.6.14	The SRF should provide supportive challenge on risk register entries which are showing 'Treat' responses to identify any that should be shown as 'Tolerate'. The aim should be that from this there should be better conversations about risk tolerance.	Low Priority	SRF to review risk controls on service risk registers at a future meeting.	April 2015	Risk and Governance Manager / SRF	Completed: Following SRF consideration of an analysis of operational risk registers in March 2015 all risk controls are being reviewed. A risk update at CRRF in November 2014 included an overview of the 5T's and a reminder to use the risk controls consistently.
5.6.15	SCC should consider the options for more independently facilitated and fully resourced discussions, workshops and 1-2-1 meetings to help produce risk culture development action plans for each Directorate. Once drafts are complete, some form of peer review exercise may be worth considering.	Medium Priority	SRF will consider at a future meeting.	April 2015	Risk and Governance Manager / SRF	Completed. The ongoing risk culture work is focused on using visualisation techniques to enable effective conversations about risk across the organisation.
5.6.16	Consider using informal CLT / Cabinet workshops to encourage conversations that link directly to risks on the Leadership Risk Register	Low Priority	Agreed. Cabinet/CLT workshops to develop the 2015-20 budget will incorporate the Leadership risk register more directly.	Approx. monthly from May 2014	Director of Finance	Completed. Risk is a significant part of all Cabinet/Leadership team budget workshops. Regular review of the Leadership risk register at senior officer and member meetings and workshops has strengthened risk conversations.

5.8.4	The Assistant Chief Executive should use the experience of the recent flooding and lessons learned to re-promote the role of CRRF and the associated projects which it has been helping to facilitate. Through this re-promotion, improved attendance of representatives of Priority 1 and 2 Services should be encouraged. Services should be required to send appropriate substitutes when the standing representative is unable to attend.	Medium Priority	Agreed.	December 2014	Susie Kemp	Completed: CRRF attendance and business impact analysis / business continuity plan progress was previously reported to the Business Continuity Management System group chaired by the Assistant Chief Executive. Business continuity issues are now reported to the SRN via the Director of Public Health. CRRF reps are regularly reminded of the corporate requirements via meetings, workshops and email updates.
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Risk Management Strategy 2015-20

PURPOSE

To realise opportunities and manage exposures to ensure Surrey residents remain healthy, safe and confident about their future.

VISION

A risk culture that supports

ONE place

ONE budget

ONE team for Surrey

VALUES



Listen



Responsibility



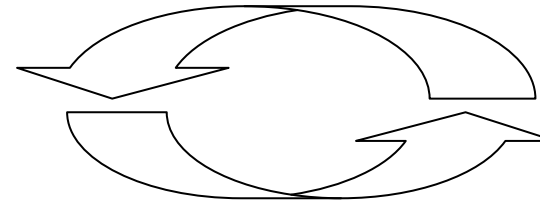
Trust



Respect

Context

Risk management focuses on the identification and treatment of risks and opportunities through increasing the probability of success and reducing the likelihood of failure. Risk management is a continuous and evolving process which runs through everything we do and this Risk Management Strategy supports the achievement of our key priorities, goals and service delivery to the community. It is supplemented by our risk management plan, which sets out our actions for the coming year, and our risk management framework that details our approach to risk identification, assessment, control and reporting.



INTEGRATED APPROACH:

Risks are continually discussed and considered in the context of financial and performance management.

RISK PROCESS:

We have a consistent, iterative process of risk identification, risk assessment, risk monitoring and reporting.

GOVERNANCE:

Risk management roles and responsibilities are clearly defined and regularly reviewed.

Our strategic approach to risk management

1. Principles

Our approach to risk management is built on the following principles:

- It is dynamic, iterative and reacts to change
- It is open, transparent and consistently applied
- It provides risk information that objectively informs decision making and creates value
- It is integrated into our processes and aligns with our objectives
- It ensures lessons are learnt and actions for improvement are identified and implemented

2. Benefits

Through our risk management approach, the following benefits are realised:

- Enhanced organisational resilience through facilitating continuous improvement and innovation
- Stakeholder confidence and trust
- Flexibility to positively respond to new and continued pressures and challenges
- Strengthened governance to enable informed decision making
- Proactive management of risk and opportunities

3. Realisation

Realisation of the principles and benefits will be achieved through:

- Strong risk leadership that ensures the effective operation of the council's risk approach and arrangements
- Consistent compliance with the risk strategy and framework
- Staff and members being equipped to work with and support the risk culture
- Clear communication of the council's risk approach to our stakeholders
- Strong and transparent risk governance arrangements, including reporting and escalation of risk

Challenges and opportunities

To realise opportunities and manage exposures to ensure Surrey residents remain healthy, safe and confident about their future.'

The scale of the strategic challenges that the council is facing is increasing and the growing demand for services is accelerated by new legislative responsibilities, alongside continuing to meet existing responsibilities. Sustaining the council's strong financial resilience in the climate of on-going reductions in funding, demographic demand increases in core services and potential policy change will require working differently and realising the opportunities identified by innovation work and partnership working.

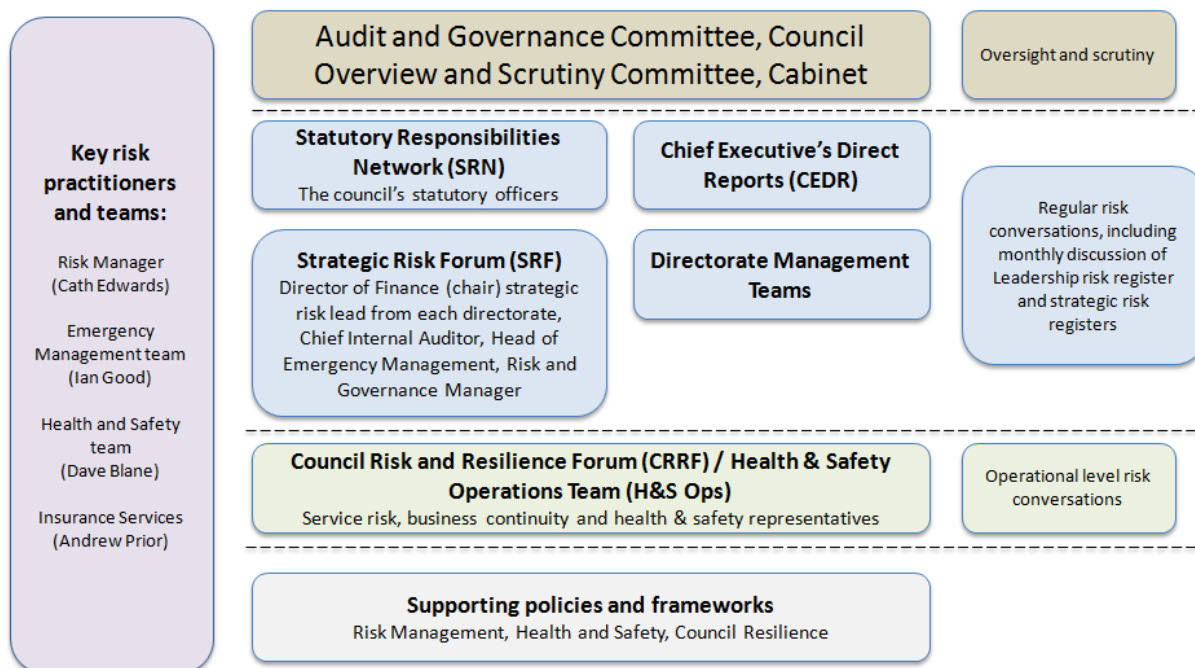
Effective risk management is an integral part of ensuring the continued delivery of our services and providing organisational resilience during change and transformation.

Key actions

During 2015/16 three risk management actions will be prioritised to support the achievement of the council's corporate strategy:

1. Continue to promote a positive risk culture, including developing and understanding the council's risk appetite and tolerance.
2. Develop the risk registers to ensure they are fit for purpose, consistent and support risk discussions across the council.
3. Present risk information in a clear and user-friendly way using visual techniques.

Risk governance



The strategic lead officer for the corporate risk management arrangements is Sheila Little, Director of Finance and she is supported by Cath Edwards, Risk and Governance Manager.

The Audit and Governance Committee is responsible for monitoring the effectiveness of the risk management arrangements.

Roles and responsibilities

11

ROLE	RESPONSIBILITIES
The Cabinet	Oversee effective risk management across the council and ensure that key risks are identified, managed and monitored.
Portfolio Holders	Ensure that key risks within their portfolio are effectively managed through discussions with senior officers. Contribute to the Cabinet review of risk and be proactive in raising risks from the wider Surrey area and community if appropriate.
Select Committees	Monitor and challenge key risk controls and actions.
Audit and Governance Committee	Provide independent assurance to the council on the effectiveness of the risk management arrangements. Annually approve the risk management strategy.
Leadership Team	Ensure effective implementation, monitoring and review of the council's risk management arrangements. Identify, own and manage key risks facing the council.
Strategic Directors	Own their risk register and regularly identify, prioritise and control risks as part of wider council performance. Ensure that risk management is consistently implemented in line with the council's Risk Management Strategy and proactively discuss risk with senior officers and members.
Heads of Service	Own their risk register and regularly identify, prioritise and control risks as part of wider council performance. Challenge risk owners and review actions to ensure controls are in place and monitored. Support and have a regular dialogue with risk representatives and ensure that risk management is consistently implemented in line with the council's Risk Management Strategy.
Managers	Take ownership for actions and report progress to management. Co-operate and liaise with risk representatives and report any new or emerging risks.
Staff	Assess and manage risks effectively and report risks to management.
Risk and Governance Manager	Lead on the implementation of the risk management arrangements, including moderating and challenging risk across the organisation and providing training and communication. Centrally hold and publish all council risk registers and facilitate the review and challenge of the Leadership risk register.
Strategic Risk Forum	Review strategic risk through challenge and moderation and make recommendations to senior management on changes to the corporate risk arrangements and strategic risks. Lead on the review of risk culture across the organisation and identify and escalate common themes and issues through sharing learning and best practice.
Risk representatives	Embed and aid understanding of risk across the council and support management with the review of risk, including the risk register, as part of performance monitoring.
Internal Audit team	Annually audit the council's risk management arrangements and use risk information to inform the annual internal audit plan to ensure that internal controls are robust.

Review

The Risk Management Strategy and plan is reviewed annually. For any queries or comments on this document please contact Cath Edwards, Risk and Governance Manager.

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Leadership risk register as at 30 April 2015 (covers rolling 12 months)

Ref	Dir. RRef.	Description of the risk	Inherent risk level (no controls)	Processes in place (ie the 'how' risks are being mitigated)	Controls (i.e. decisions needed)	Lead risk owner	Residual risk level (after existing controls)
L1	ASC2, 29 BUS01 CAC2 CSF4, EAI1, 3 FR72, 85	<p>Medium Term Financial Plan (MTFP) 2015-20</p> <p>Failure to achieve the MTFP, which could be as a result of:</p> <ul style="list-style-type: none"> not achieving savings additional service demand and/or over optimistic funding levels. <p>As a consequence, lowers the council's financial resilience and could lead to adverse long term consequences for services if Members fail to take necessary decisions.</p>	High	<ul style="list-style-type: none"> Monthly reporting to Continuous Improvement and Productivity Network and Cabinet on the forecast outturn position is clear about the impacts on future years and enables prompt management action (that will be discussed informally with Cabinet) Budget Support meetings (Chief Executive and Director of Finance) continue to review and challenge the robustness of MTFP delivery plans and report back to Cabinet as necessary Clear management action reported promptly detailing alternative savings / income if original plans become non deliverable or funding levels alter in year Monthly formal budget reports focus on funding levels comparing actual spend to forecasts Budget planning discussions with Cabinet and Select Committees Formal review of MTFP (2015-20) planned for summer 2015 once the new Government is formed. Clear pricing structures in place for services delivered. 	<ul style="list-style-type: none"> Prompt management action taken by Strategic Directors / Leadership Teams to identify correcting actions. (Evidenced by robust action plans) Members (Council, Cabinet, Select Committee) make the necessary decisions to implement action plans in a timely manner 	Director of Finance	High
L6	CSF2,3	<p>Safeguarding – Children's Services</p> <p>Avoidable failure in Children's Services, through action or inaction, including child sexual exploitation, leads to serious</p>	High	<ul style="list-style-type: none"> Working within the frameworks established by the Children's Safeguarding Board ensures the council's policies and procedures are up to date and based on good practice. Adult Social Care and Children, Schools 	<ul style="list-style-type: none"> Timely interventions by well recruited, trained, supervised and managed professionals ensures appropriate actions are taken to safeguard and promote the well being of 	Strategic Director for Children's Schools and Families	High

Key to references:

ASC = Adult Social Care

BUS = Business Services

CAC = Customers and Communities

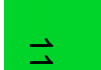
CEO = Chief Executive's Office

CSF = Children, Schools and Families

EAI = Environment and Infrastructure

FR = Fire and Rescue





Annex C

Owner: David McNulty

Leadership risk register as at 30 April 2015 (covers rolling 12 months)

Ref	Dir. RRef.	Description of the risk	Inherent risk level (no controls)	Processes in place (ie the 'how' risks are being mitigated)	Controls (i.e. decisions needed)	Lead risk owner	Residual risk level (after existing controls)
		harm, death or a major impact on well being.		and Families are working as key stakeholders in the further development of the Multi-Agency Safeguarding Hub.	<ul style="list-style-type: none"> - children in Surrey. - Actively respond to feedback from regulators. - Robust quality assurance and management systems in place to identify and implement any key areas of learning so safeguarding practice can be improved. - The Children's Safeguarding board (chaired by an independent person) comprises senior managers from the County Council and other agencies facilitating prompt decision making and ensuring best practice. 		
L13	ASC31, 32 BUS09	Safeguarding – Adult Social Care Avoidable failure in Adult Social Care, through action or inaction, leads to serious harm, death or a major impact on wellbeing.	High	<ul style="list-style-type: none"> • Working within the framework established by the Surrey Safeguarding Adults Board ensures that the council's policies and procedures are up to date and based on good practice. • A revised safeguarding structure is being put in place following a Peer Review. • Implications of the Care Act 2014 are being consulted on. • Adult Social Care and Children, Schools and Families are working as key stakeholders in the further development of the Multi Agency Safeguarding Hub. • Established a locality safeguarding advisor to assure quality control. • Close involvement by Associate Cabinet 	<ul style="list-style-type: none"> - Continue to work with the Independent Chair of the Surrey Safeguarding Adults Board to ensure feedback and recommendations from case reviews are used to inform learning and social work practice. - Agree and embed agreed changes resulting from Care Act 2014 consultation. - Actively respond to feedback from regulators. 	Strategic Director for Adult Social Care	High

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Leadership risk register as at 30 April 2015 (covers rolling 12 months)

Ref	Dir. RRef.	Description of the risk	Inherent risk level (no controls)	Processes in place (ie the 'how' risks are being mitigated)	Controls (i.e. decisions needed)	Lead risk owner	Residual risk level (after existing controls)
				Member for Adult Social Care in safeguarding functions.			
L2	ASC24, 29	National policy development Continuing national policy changes may put additional pressure on demand for all public services leading to an erosion of financial resilience and ability to deliver statutory and essential services.	High	<ul style="list-style-type: none"> Effective horizon scanning to ensure thorough understanding of intended policy changes (particularly in light of the May 2015 General Election) Implementation of a welfare reform programme including districts and boroughs covering: <ul style="list-style-type: none"> Advice and information Financial resilience Emergency assistance Localisation of council tax support Housing and homelessness Employment training and support Taking opportunities to influence central Government policy development e.g. via the Local Government Association. The Welfare Reform Task Group is monitoring the implementation of its recommendations, which are intended to manage the implementation of reforms on Surrey Residents. The Task Group reports regularly to the Council Overview & Scrutiny Committee. 	<ul style="list-style-type: none"> Working in partnership with other statutory partners (e.g. Clinical Commissioning Groups CCG's) to maximise opportunities for communities Members take the opportunities and make the necessary decisions to influence central Government Care Act Implementation Board in place and project programme set up to support ongoing discussion with partners. Through Association of Directors of Adult Social Services (ADASS), SCC leading best practice model in relation to financial management and working closely with Department of Health in the development of regulations that underpin the Care Act. 	Strategic Director for Adult Social Care	High
L4	ASC9 CEO13	Integration of health and social care Failure in partnership working reduces our ability to: <ul style="list-style-type: none"> co-ordinate/integrate health and social care services; improve health outcomes; and 	High	<p>Governance arrangements:</p> <ul style="list-style-type: none"> Robust partnership governance arrangements are in place through the Better Care Board, Public Sector Transformation programme and Surrey's Health and Wellbeing Board Regular monitoring of progress and risks 	<ul style="list-style-type: none"> Progress discussions with Clinical Commissioning Groups in Surrey about plans for integration beyond the Better Care Fund. Inclusion of key partners in local whole systems planning. 	Assistant Chief Executive	High

Key to references:

ASC = Adult Social Care

BUS = Business Services

CAC = Customers and Communities

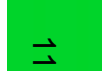
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Annex C

Owner: David McNulty

Leadership risk register as at 30 April 2015 (covers rolling 12 months)

Ref	Dir. RRef.	Description of the risk	Inherent risk level (no controls)	Processes in place (ie the 'how' risks are being mitigated)	Controls (i.e. decisions needed)	Lead risk owner	Residual risk level (after existing controls)
		- develop a financially sustainable model.		<p>against key Health & Social Care integration work streams and agreed financial governance framework (including the Better Care Fund)</p> <ul style="list-style-type: none"> • Prioritisation of resources and clear senior leadership across Council directorates to support the development of Health & Social Care work streams. • Continued focus on building and maintaining strong relationship with partners through regular formal and informal dialogue • Surrey's Better Care Fund plan (which includes agreed financial plans, metrics to measure progress and risk sharing arrangements) has been approved by Surrey's Health & Well-Being Board and the national Better Care Fund team. • Formal pooling agreements (section 75 agreements) being developed for the operation of the Better Care Fund. 	<ul style="list-style-type: none"> - Members continue to endorse approaches to integration across the County. - Increase focus on tracking implementation and realisation of benefits through the Local Joint Commissioning Groups. 		
L5	BUS02	<p>Comprehensive Spending Review (CSR) 2015 Risk that CSR 2015:</p> <ul style="list-style-type: none"> • reduces further the total public sector funding available, and • introduces a revised distribution mechanism which lowers the councils financial resilience. 	High	<ul style="list-style-type: none"> • Contribution to Local Government Commission to review Local Government Funding and development of scenarios for budget planning process is ongoing and will continue throughout 2015. • Officers (Finance and Policy in particular) to sustain pro-active horizon scanning for insight into potential funding change. 	<ul style="list-style-type: none"> - Cabinet fully consider the implications of CSR in budget planning and agree an MTFP that reflects likely impacts. 	Director of Finance	High

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 ASC = Adult Social Care
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Leadership risk register as at 30 April 2015 (covers rolling 12 months)

Ref	Dir. RRef.	Description of the risk	Inherent risk level (no controls)	Processes in place (ie the 'how' risks are being mitigated)	Controls (i.e. decisions needed)	Lead risk owner	Residual risk level (after existing controls)
L14	BUS13	<p>Senior Leadership Succession Planning</p> <p>A significant number of senior leaders leave the organisation within a short space of time and cannot be replaced effectively resulting in a reduction in the ability to deliver services to the level required.</p>	High	<ul style="list-style-type: none"> Workforce planning linked to business continuity plans High Performance Development Programme to increase skills, resilience and effectiveness of leaders Career conversations built into appraisal process looking forward five years Shaping leaders exercise 	- Transparent succession plans	Chief Executive	Medium
L3	EAI2	<p>Waste</p> <p>Failure to deliver the key elements of the waste strategy leads to negative financial and reputational impact.</p>	High	<ul style="list-style-type: none"> Implementation monitored by the Waste Programme Delivery Board with strategic overview provided by the Strategic Waste Board All major decisions are reported to Cabinet on a regular basis Cabinet paper in November outlined a strategy to work towards a single waste authority. Joint strategic partnership reinforces collaboration and will, if successful, strengthen the ability to deliver the key elements of the waste strategy Support from external strategic advisors assists senior officers in management and mitigation of key technical, financial and legal risks. Senior officers working closely with Government departments. 	<ul style="list-style-type: none"> Strong resourcing and project management regime in place to ensure prompt resolution of any issues that may hinder progress. Collaborative work with Districts and Boroughs is delivered through the Surrey Waste Partnership with close involvement of all Surrey Chief Executives The Waste Programme Delivery Board comprises senior managers from the service together with Procurement and Finance and is chaired by the Assistant Director Environment facilitating prompt decision making. 	Director of Environment and Infrastructure	Medium

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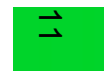
CAC = Customers and Communities

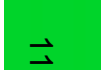
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Annex C

Owner: David McNulty

Leadership risk register as at 30 April 2015 (covers rolling 12 months)

Ref	Dir. RRef.	Description of the risk	Inherent risk level (no controls)	Processes in place (ie the 'how' risks are being mitigated)	Controls (i.e. decisions needed)	Lead risk owner	Residual risk level (after existing controls)
L7	ASC2 BUS07 CSF4 EAI1	Future Funding The council is highly dependent on Council Tax for funding, and the ability to increase that in real terms is constrained (by current Government policy). This could lead to a reduction in the council's financial resilience with the consequence that funding for key services will be seriously eroded.	High	<ul style="list-style-type: none"> Structured approach to ensuring Government understands the council's Council Tax strategy and high dependence Targeted focus with Government to secure a greater share of funding for specific demand led pressures (in particular School Basic Need) Continued horizon scanning of the financial implications of existing and future Government policy changes Development of alternative / new sources of funding (e.g. bidding for grants) Review how systems and processes can lead to greater efficiencies. <p>Notwithstanding actions above, there is a significant risk of Central Government policy changes /austerity measures impacting on the council's long term financial resilience.</p>	<ul style="list-style-type: none"> Members make decisions to reduce spending and or generate alternative sources of funding, where necessary, in a timely manner. Officers unable to recommend MTFP unless a credible sustainable budget is proposed. 	Director of Finance	Medium
L8	ASC31, 32,34 BUS01 CSF3,4 CEO7 EAI2,14	Reputation A significant failure to deliver within the organisation (caused by an event or individual), could lead to a loss of trust and confidence in the organisation by external stakeholders (e.g. residents, Government, Partners) or internal staff, affecting our ability to deliver services effectively and harming our freedoms and flexibilities from Government controls.	High	<ul style="list-style-type: none"> Processes in place that minimise the likelihood of organisational failure include: <ul style="list-style-type: none"> Active learning by senior leaders from experiences / incidents outside the council inform continual improvement within the council Strong corporate values Robust Governance framework (including codes of conduct, health & safety policies, complaints tracking). 	<ul style="list-style-type: none"> Regular monitoring of effectiveness of processes is in place and improvements continually made as a result of learning. 	Chief Executive Officer	Medium

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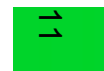
Ref	Dir. RRef.	Description of the risk	Inherent risk level (no controls)	Processes in place (ie the 'how' risks are being mitigated)	Controls (i.e. decisions needed)	Lead risk owner	Residual risk level (after existing controls)
L9	ASC9, BUS06 CEO8	Staff resilience Scale of public service transformation and budget challenge leads to loss in productivity, increased sickness and staff turnover, impacting on the ability to deliver services to residents.	High	<ul style="list-style-type: none"> • Communication, consultation and engagement is a priority for the council with an emphasis placed on thoroughly addressing the concerns of staff and their representatives • Currently eight training courses available that address various aspects of change. Trained coaches who are available in all services to support staff. • High Performance Development Programme being offered across the organisation to support leaders to develop their own and the organisations behaviours. • Comprehensive range of surveys and focus groups provide a measure of the staff satisfaction with the council and its management of change. • The smarter working framework and flexible working policy are in place to support managers and their teams to work differently. • Promotion of support mechanisms for staff (eg. employee assistance). • Staff are encouraged to get involved in finding innovative solutions to redesign services. • Better Place to Work outcomes are implemented • Training of managers in effective engagement of their staff to roll out over 2015. 	<ul style="list-style-type: none"> - Decision by members on pay and reward system taken in timely manner and combine with staff and union consultation. - Communications engagement plan to promote the benefits of working for Surrey and help to support engagement across the organisation to be delivered. 	Strategic Director Business Services	Medium

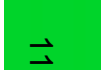
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Annex C

Owner: David McNulty

Leadership risk register as at 30 April 2015 (covers rolling 12 months)

Ref	Dir. RRef.	Description of the risk	Inherent risk level (no controls)	Processes in place (ie the 'how' risks are being mitigated)	Controls (i.e. decisions needed)	Lead risk owner	Residual risk level (after existing controls)
L10	CEO3 EAI4,5 FR06	Business Continuity, Emergency Planning Failure to respond effectively to a known event or major incident results in an inability to deliver key services.	High	<ul style="list-style-type: none"> The Council Risk and Resilience Forum reviews, moderates, implements and tests operational plans. Close working between key services and the Emergency Management Team to update plans and share learning Continued consultation with Unions and regular communication to staff. External risks are assessed through the Local Resilience Forum. Regular updates reported to Statutory Responsibilities Network. 	- Business Continuity Plans are in place and signed off (by heads of service) in timely manner	Assistant Chief Executive	Medium
L12	ASC21 BUS10	Supply chain / contractor resilience Supply chain failure, lack of business continuity arrangements in place leading to increased costs, time delays or reputational damage and failure to promote service delivery.	High	<ul style="list-style-type: none"> Supply chain business continuity plans for strategic/critical contracts to meet required standards. Levels of compliance reported to Statutory Responsibilities Network. Consistent management of supply chain risks across all key suppliers through common reporting. Regular supplier intelligence reporting in place to track industry and supplier news. Risk management training provided to contract managers to enable a consistent approach. Mitigating actions are less effective for small/medium suppliers due to reduced business continuity. 	<ul style="list-style-type: none"> Supplier selection policy decision made to include financial resilience and business continuity arrangements Needs strong support from ELT (Extended Leadership Team) to ensure contract resilience and business continuity is in place and regularly up-dated 	Strategic Director Business Services	Medium

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Ref	Dir. RRef.	Description of the risk	Inherent risk level (no controls)	Processes in place (ie the 'how' risks are being mitigated)	Controls (i.e. decisions needed)	Lead risk owner	Residual risk level (after existing controls)
L11	ASC1, 30,33 BUS13 CEO7 CSF5	Information Governance Loss of protected data by the council leads to financial penalties, safeguarding issues and erosion of public trust.	Medium	<ul style="list-style-type: none"> • Encrypted laptops – 100% coverage for our 5,500 Laptop estate • Secure environment through the Egress encrypted email system • Internal Audit Management Action Plans in place that are monitored by Audit & Governance Committee and Select Committees • Twice-yearly communications campaign linked to known peaks for breaches, and a refreshed and re-launched information security e-learning package. • SCC has received GCSx accreditation certificate • Introduction of the Information Governance Board and the launch of the data classification project. • Continuation of training for staff to improve awareness and ensure adherence to procedures • Implement learning from feedback where breaches occur. • Directorates and Digital Delivery Team engaging with partners to deliver a platform that will enable appropriate sharing of information between agencies. <p>Despite the actions above, there is a continued risk of human error that is out of the council's control.</p>	<ul style="list-style-type: none"> - Information governance controls work effectively overseen by Information Governance and Caldecott Boards and audited annually - Cabinet have reviewed IT security policy and as result the security policy, Code of conduct and social media policies are being updated to reflect changes agreed 	Strategic Director Business Services	Medium

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Movement of risks

Ref	Risk	Date added	Current inherent risk level	Current residual risk level	Movement in residual risk level	
L1	Medium Term Financial Plan	Aug 12	High	High	-	-
L2	National policy development	Feb 13	High	High	-	-
L3	Waste	May 10	High	Medium	Jan 15	↓
L4	Integration of health & social care	June 13	High	High	-	-
L5	Comprehensive Spending Review 2015	Sep 14	High	High	-	-
L6	Safeguarding – Children’s Services	May 10	High	High	Jan 15	↑
L7	Future funding	Aug 12	High	Medium	-	-
L8	Reputation	Oct 14	High	Medium	-	-
L9	Staff resilience	May 10	High	Medium	Jan 12	↓
L10	Business Continuity, Emergency Planning	May 10	High	Medium	Aug 12	↓
L11	Information governance	Dec 10	Medium	Medium	Oct 14	↓
L12	Supply chain / contractor resilience	Jan 14	High	Medium	-	-
L13	Safeguarding – Adult Social Care	May 10	High	High	Jan 15	↑
L14	Senior leadership succession planning	Mar 15	High	Medium	-	-

Risks removed from the register

Risk	Date added	Date removed
<i>IT risk</i>	<i>May 10</i>	<i>Oct 14</i>
<i>Resource Allocation System in adults personalisation</i>	<i>May 10</i>	<i>Aug 12</i>
<i>Integrated Children’s System</i>	<i>May 10</i>	<i>Feb 11</i>
<i>NHS reorganisation</i>	<i>Sep 10</i>	<i>May 13</i>
<i>2012 project management</i>	<i>Sep 10</i>	<i>Aug 12</i>
<i>LLDD budget transfer</i>	<i>May 11</i>	<i>Mar 12</i>
<i>2012 command, control, coordination and communication</i>	<i>Dec 11</i>	<i>Sep 12</i>

Leadership level risk assessment criteria

Due to their significance, the risks on the Leadership risk register are assessed on their residual risk level ie. the level of risk after existing controls have been taken into account, by high, medium or low.

Risk level	Financial impact	Reputational impact	Performance impact	Likelihood
	<i>(% of council budget)</i>	<i>(Stakeholder interest)</i>	<i>(Impact on priorities)</i>	
Low	< 1%	Loss of confidence and trust in the council felt by a small group or within a small geographical area	Minor impact or disruption to the achievement of one or more strategic / directorate priorities	Remote / low probability
Medium	1 – 10%	A sustained general loss of confidence and trust in the council within the local community	Moderate impact or disruption to the achievement of one or more strategic / directorate priorities	Possible / medium probability
High	10 – 20%	A major loss of confidence and trust in the council within the local community and wider with national interest	Major impact or disruption to the achievement of one or more strategic / directorate priorities	Almost certain / highly probable

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Audit & Governance Committee
28 May 2015

CODE OF CORPORATE GOVERNANCE

SUMMARY AND PURPOSE:

The purpose of this report is to provide the Committee with an update on the changes made to the Code of Corporate Governance.

RECOMMENDATIONS:

The Committee is asked to approve the updated Code of Corporate Governance (Annex A) and recommend it to the County Council for inclusion into the Constitution.

BACKGROUND:

- 1 The Local Government Act 2000 places a reliance on local authorities to review their governance arrangements and operate through a local governance framework, which brings together requirements, governance principles and processes.
- 2 Surrey County Council's Code of Corporate Governance ('the Code') meets the Local Government Act 2000 by outlining the council's commitment to good governance and providing the principles against which the effectiveness of the council's governance arrangements are measured. It contains 32 Surrey County Council policies and procedures that underpin compliance with the governance principles and it also sets out the mechanisms for monitoring and reviewing the corporate governance arrangements.

SUMMARY:

- 3 An annual review of the Code has been undertaken to ensure that it is fit for purpose and reflects the authority's approach and commitment to good governance. The Governance Panel¹ approved the updated Code at its meeting on 30 April 2015 and it is attached at Annex A.

¹ Consisting Director of Legal and Democratic Services (Chair), Director of Finance, Senior representatives from HR and Policy & Performance, Chief Internal Auditor, Risk and Governance Manager

- 4 The format of the Code has been refreshed and a number of key changes have also been made:

Section	Pages	Changes
Governance review	6-7	Inclusion of internal audit assurance mapping as evidence for the annual review of governance.
Supporting governance documents	10	Overarching Data Governance policy has replaced Data Protection and Freedom of Information. Inclusion of Partnership Governance Framework (part of the council's Improvement Toolkit).
Governance document approval	12	New annex

IMPLICATIONS:

- Financial**
- 5 There are no direct financial implications of this report.
- Equalities**
- 6 There are no direct equalities implications of this report.
- Risk management**
- 7 An effective governance and internal control environment leads to improved performance and outcomes for residents.

WHAT HAPPENS NEXT:

The Code of Corporate Governance will be presented to County Council for inclusion into the Constitution.

REPORT AUTHORS: Cath Edwards, Risk and Governance Manager

CONTACT DETAILS: cath.edwards@surreycc.gov.uk, 020 8541 9193,

Sources/background papers: Governance Panel papers, working papers, Cipfa/Solace Framework for Delivering Good Governance in Local Government, The Code of Corporate Governance

Code of Corporate Governance



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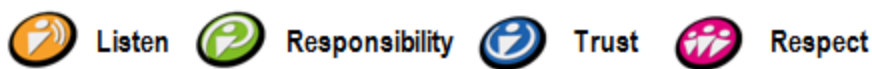
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COMMITMENT TO GOOD GOVERNANCE

The Corporate Strategy, 'Confident in Surrey's future' sets out the council's overall purpose to ensure Surrey residents remain healthy, safe and confident about their future.

Good corporate governance underpins confidence in public services and should be transparent to all stakeholders. We are committed to demonstrating we have sound corporate governance and this Code of Corporate Governance sets out the way we meet that commitment. This in turn promotes adherence to the council's values that guide the behaviour of all officers and Members:



Corporate governance is the manner through which the council directs and controls its functions and relates to its communities. A robust governance code provides assurance that Surrey is meeting best practice in protecting its assets and serving the community.

The council must review at least annually the effectiveness of its governance arrangements and produce an Annual Governance Statement (AGS), which recognises and records the governance framework and environment. The AGS must be signed by the Chief Executive and the Leader of the Council and be included within the Statement of Accounts, as required by the CIPFA / SOLACE framework, the Statement of Recommended Practice (SORP) 2007 and the Accounts and Audit Regulations (2011). Our AGS is also included within our Annual Report.

The Code of Corporate Governance sets out the mechanisms for monitoring and reviewing the corporate governance arrangements, which enables the council to identify good governance practice and also areas for improvement.



Our Corporate Strategy, Confident in Surrey's future

GOOD GOVERNANCE PRINCIPLES

12

Principles of Public Life

The council has made a commitment to ensuring that good governance is in place and that we are serving the local community in accordance with the seven principles of public life as defined by the Nolan Committee in 1994. These principles apply to everyone working in the public services and should be incorporated into all codes of conduct and behaviour to ensure residents and service users receive a high quality service.

The principles are as follows:

Selflessness

Officers and members should act solely in terms of the public interest. They should not act in such a way in which to gain financial or other benefits for themselves, their family or their friends.

Integrity

Officers and members should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, officers and members should make choices on merit.

Accountability

Officers and members are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their role.

Openness

Officers and members should be as open as possible about all decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Officers and members have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the people of Surrey.

Leadership

Officers and members should promote and support the principles by leadership and example.

Core Governance Principles

The council has adopted six core governance principles, which ensure good governance, compliance with the principles of public life and support the achievement of our Corporate Strategy.

<p>We will focus on our purpose and will implement a vision for both Surrey and its local communities to achieve the intended outcomes for the community.</p> <p>We will meet this by:</p> <ul style="list-style-type: none"> • Continuously developing and clearly communicating our purpose and vision; • Ensuring users receive a high quality of service; and • Making best use of resources.
<p>The council's members and officers will work together to achieve a common purpose with clearly defined functions and roles.</p> <p>We will meet this by:</p> <ul style="list-style-type: none"> • Ensuring there is a constructive working relationship between members and officers; • Ensuring responsibilities of members and officers are carried out to a high standard; and • Having clear relationships between the council, its partners and the public.
<p>We will promote values and demonstrate good governance by upholding high standards of conduct and behaviour.</p> <p>We will meet this by:</p> <ul style="list-style-type: none"> • Requiring members and officers to maintain high standards of conduct; and • Continuing to ensure that its values are promoted.
<p>We will take informed and transparent decisions that promote value for money and are subject to effective scrutiny and risk management.</p> <p>We will meet this by:</p> <ul style="list-style-type: none"> • Promoting decision making that is rigorous and transparent; • Having good quality information, advice and support; • Ensuring effective risk and performance management systems are in place; and • Use our legal powers to the full benefit of residents and communities.
<p>We will seek to develop the capacity and capability of members and officers to be effective.</p> <p>We will meet this by:</p> <ul style="list-style-type: none"> • Aiming to ensure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles; • Engaging effectively with all sections of the community; and • Making best use of human resources through consulting and involving staff in decision-making.
<p>We will engage with Borough, District and Parish Councils, residents associations and other stakeholders as appropriate to promote robust public accountability.</p> <p>We will meet this by:</p> <ul style="list-style-type: none"> • Promoting leadership through a robust scrutiny function; • Involving local people, partners, business and other stakeholders in the early development of policy; and • Taking an active and planned approach to dialogue with and accountability to the public.

SUPPORTING GOVERNANCE DOCUMENTS

12

The Code of Corporate Governance contains 32 council policies and processes that are of key importance in maintaining good governance, supporting the achievement of the Corporate Strategy and underpin compliance with the core governance principles. The documents are shown at Annex A.

Responsibility for each governance document ultimately rests with the Chief Executive or one of the strategic directors, aside from statutory functions that fall within the personal responsibility of the Section 151 Officer or the Monitoring Officer. Cabinet Members must also demonstrate ownership within their individual portfolios.

Below those officers and members, the Code of Corporate Governance identifies, where appropriate, those officers who have a material input and control over governance documents. These officers are referred to as Governance Custodians and they are shown in Annex B.

Governance Custodians are responsible for keeping documents up to date and therefore making necessary changes. Any significant changes require approval by members or officers as shown at Annex C. It is the decision of the relevant officer and/or member as to what is classed as significant.

GOVERNANCE REVIEW

The annual review of governance assesses the level of compliance with each of the core governance principles. A flowchart showing the process is shown at Annex D. The review consists of a number of parts as follows.

PART 1 – CUSTODIAN ASSURANCE

Governance Custodians are required to complete an annual Custodian Assurance Statement. A summary report is presented to the Governance Panel, which makes recommendations on any specific areas to be reviewed as part of the governance compliance work undertaken by Internal Audit (see below).

PART 2 – GOVERNANCE COMPLIANCE AND REPORT ON INTERNAL CONTROL

Following agreement by the Governance Panel on the areas of focus, a number of methods are used by Internal Audit to test governance compliance:

- Relevant audit reviews already undertaken or in progress;
- Use of surveys sent to a sample of staff and members; and
- Assurance mapping.

Key findings from the testing above are presented to the Governance Panel and any significant areas will be included in the AGS.

The Chief Internal Auditor uses information gathered from internal audit reviews carried out as part of the annual audit plan, to report on the adequacy of the overall internal control environment. This report is presented to the Governance Panel and any significant areas will be included in the AGS

PART 3 – ASSESSMENT OF THE CORE GOVERNANCE PRINCIPLES

The Risk and Governance Manager carries out the annual assessment of the core governance principles. The review consists of:

- interviews with key officers,
- reviewing existing procedures,
- assessing existing governance arrangements against best practice, and
- reviewing any assurance mapping undertaken by Internal Audit.

A summary report is then presented to the Governance Panel and any significant findings will be included in the AGS.

PART 4 – ADDITIONAL GOVERNANCE INFORMATION

In order to pull together a full picture of governance across the organisation, the Governance Panel also look at any relevant reports and findings from other inspectorates and groups, along with any self-assessments that the council has completed within the relevant year. Any significant issues are then included in the AGS and the information can include the following:

- External audit reports
- External inspection reports
- Annual review of the effectiveness of the system of internal audit
- Member task group reports and findings

PART 5 - AGS

Taking all the above information into account, the draft AGS is developed and agreed by the Governance Panel. The Chair of the Governance Panel consults with the Statutory Responsibilities Network and the senior leadership team before the AGS is presented to the Audit and Governance Committee and the Cabinet for approval. The AGS is then incorporated into the Statement of Accounts and the Annual Report.

PART 6 - MONITORING

The Governance Panel monitors progress on any improvement actions identified and update reports are presented to senior officers and the Audit and Governance Committee as appropriate.

ROLES AND RESPONSIBILITIES

12

All staff and members have a role in ensuring good governance but specific responsibilities are set out below:

ROLE	RESPONSIBILITIES
The Cabinet	<ul style="list-style-type: none"> • Approve the AGS for publication with the Statement of Accounts and the Annual Report • Monitor any governance improvements required, as appropriate
Portfolio Holders	<ul style="list-style-type: none"> • Demonstrate ownership of individual governance areas • Approve governance policies as appropriate
Audit & Governance Committee	<ul style="list-style-type: none"> • Review the draft AGS and advise the Cabinet as appropriate • Monitor the effectiveness of the governance arrangements • Monitor compliance with the Code of Corporate Governance • Approve governance policies as appropriate
Statutory Responsibilities Network	<ul style="list-style-type: none"> • Commission remedial action to address issues as appropriate • Review related reports en route to the Cabinet e.g. AGS
Governance Panel	<ul style="list-style-type: none"> • Refer to the Terms of Reference – Annex E
Heads of Service and Assistant Directors	<ul style="list-style-type: none"> • Appoint Governance Custodians as required • Promote the delivery of policies within their service • Participate in the governance review and ensure that officers under their charge cooperate within the given timescales • Ensure governance improvements required within their service are acted upon in a timely manner and reported as necessary
Governance Custodians	<ul style="list-style-type: none"> • Maintain and regularly review governance documents to ensure they reflect legislative changes, best practice and organisational changes • Ensure governance documents are communicated effectively • Operate a standard process of version control on all governance documents • Ensure actions identified through the corporate governance review are acted upon in a timely manner and reported as necessary
Risk and Governance Manager	<ul style="list-style-type: none"> • Coordinate the corporate governance review • Carry out the annual assessment of core principles • Annually review the Code of Corporate Governance • Ensure provision of Corporate Governance training for staff and members as appropriate
Internal Audit Team	<ul style="list-style-type: none"> • Conduct the annual review of governance compliance • Provide information on the internal control environment to inform the AGS

REVIEWING AND REVISING THE CODE

This Code of Corporate Governance will be reviewed annually to reflect any changes. For any queries or comments on this document please contact:

Cath Edwards, Risk and Governance Manager, Business Services

GLOSSARY

Annual Governance Statement (AGS)	A statement required by the Accounts and Audit Regulations (England) 2011 explaining how the council has complied with the code of corporate governance. It is signed by the Chief Executive and Leader of the Council and published as part of the annual Statement of Accounts and the Annual Report.
Chartered Institute of Public Finance and Accountancy (CIPFA)	The leading accountancy body for public services.
Constitution of the Council	Sets out how the Council operates, how decisions are made and the procedures that are followed to ensure efficiency, transparency and accountability.
Corporate Governance	How local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
Custodian Assurance Statement (CAS)	An annual submission from each Governance Custodian providing assurance that each policy is up to date and detailing any work that has been undertaken throughout the year.
Effectiveness review	A requirement of the Accounts and Audit Regulations 2006 for the council to annually conduct a review of the effectiveness of its system of internal audit.
External Audit	An external annual review of the Council's accounts.
Governance Custodian	Officers who have responsibility for ensuring that governance documents are up to date and promoted across the authority.
Governance Panel	Chaired by the Director of Legal and Democratic Services, the panel ensures that the council has a robust appraisal of governance. It advises Statutory Responsibilities Network, Audit & Governance Committee and Cabinet on the adequacy of the governance arrangements.
Internal Audit Team	An independent appraisal function that objectively examines, evaluates and reports on the adequacy of internal control.
Monitoring Officer (Director of Legal and Democratic Services)	The statutory officer in accordance with section 5 of the Local Government and Housing Act 1989 ensuring lawfulness and fairness of decision making.
Section 151 Officer (Director of Finance)	The statutory officer with responsibility for the proper administration of the Council's affairs under section 151 of the Local Government Act 1972.
Society of Local Authority Chief Executives and Senior Managers (SOLACE)	The representative body for senior strategic managers working in local government, promoting effective local government.
Statutory Responsibilities Network (SRN)	Chaired by the Chief Executive, the SRN brings the senior statutory officers together to provide oversight on the council's major statutory responsibilities.

SUPPORTING GOVERNANCE DOCUMENTS

Annex A

RESIDENTS Actively involving local people and stakeholders	QUALITY Ensuring a high quality service	
Fairness and Respect Strategy Communication and Engagement Strategy	Customer Promise People Strategy	
VALUE Taking informed and transparent decisions that promote value for money	PEOPLE Maintaining high standards of conduct	
Procurement Standing Orders Cabinet Forward Plan Scheme of Delegation Standing Orders	Capability Change Management Codes of Conduct (officers and Members) Arrangements for dealing with complaints about Members Disciplinary Ending Harassment, Bullying and Discrimination	
PARTNERSHIPS Having clear relationships	STEWARDSHIP Ensuring effective risk and performance management systems	
Surrey Compact Voluntary, Community and Faith Sector (VCFS) Framework Partnership Framework and Principles: <ul style="list-style-type: none"> • Memorandums of Understanding • Joint Working Arrangements Partnership Governance Framework	Data Governance IT Security policy Premises Security policy Strategy Against Fraud and Corruption Regulation of Investigatory Powers Act (RIPA) Resilience Policy	
	Grievance Safer Recruitment Member/Officer Protocol	

GOVERNANCE DOCUMENT CUSTODIANS

Annex B

Document	Custodian
Arrangements for dealing with complaints about Members	Director of Legal and Democratic Services
Cabinet Forward Plan	Cabinet Business Manager
Capability	HR Relationship Manager
Change Management	HR Relationship Manager
Code of Conduct for Members	Director of Legal and Democratic Services
Code of Conduct for Staff	HR Relationship Manager
Communications and Engagement Strategy	Head of Communications
Customer Promise	Head of Customer Services
Data Governance policy	Corporate Information Governance Manager
Disciplinary	HR Relationship Manager
Ending harassment, bullying and discrimination	Equality Inclusion and Wellbeing Manager
Fairness and Respect strategy	Lead Manager, Policy and Strategic Partnerships
Financial Regulations	Director of Finance
Grievance	HR Relationship Manager
Health and Safety policy	Senior Health and Safety Manager
IT Security policy	Head of IMT
Member / Officer Protocol	Director of Legal and Democratic Services
Partnership Framework and Principles	Strategic Director for Business Services
Partnership Governance Framework	Risk and Governance Manager
People Strategy	Head of HR and Organisational Development
Premises Security policy	Workplace Delivery Manager
Procurement Standing Orders	Head of Procurement and Commissioning
Regulation of Investigatory Powers Act (RIPA)	Community Protection Manager
Resilience Policy	Head of Emergency Management
Risk Management Strategy	Risk and Governance Manager
Safer Recruitment	HR Relationship Manager
Scheme of Delegation	Director of Legal and Democratic Services
Standing Orders	Cabinet Business Manager
Strategy against Fraud and Corruption	Chief Internal Auditor
Surrey Compact	Strategic Partnership Manager
VCFS Framework	Strategic Partnership Manager
Whistle blowing policy	HR Relationship Manager

GOVERNANCE DOCUMENT APPROVAL

Annex C

Member approval

Cabinet	Leader of the Council
Communication and Engagement Strategy	Cabinet Forward Plan
Customer Promise	
Fairness and respect strategy	County Council
Financial Regulations	Arrangements for dealing with complaints about Members
Partnership principles	Code of Conduct – Members
Procurement Standing Orders	Member / Officer protocol
Regulation of Investigatory Powers Act (RIPA)	Scheme of Delegation
Surrey Compact	Standing Orders

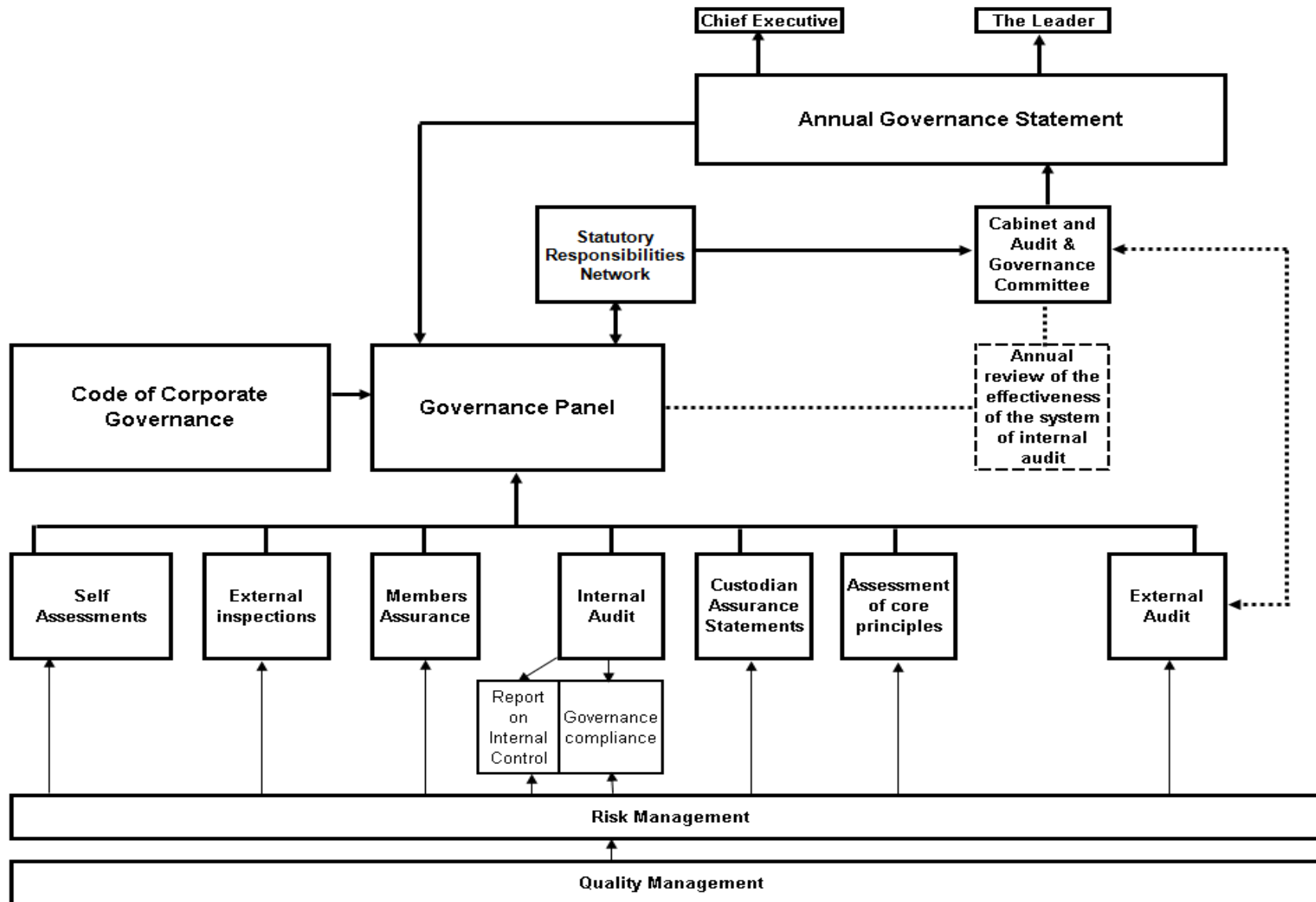
People, Performance and Development Committee	Audit and Governance Committee
Capability	Risk management strategy
Change Management	Strategy against fraud and corruption
Code of Conduct – Staff	
Disciplinary	
Ending harassment, bullying and discrimination	
Grievance	
People Strategy	
Safer recruitment	
Whistle blowing policy	

Officer approval

Data governance policy	Information Governance Risk Board
Health and Safety policy	Central Joint Safety Committee
IT Security policy	Head of IMT
Partnership Governance framework	Governance Panel
Premises Security policy	Chief Property Officer
Resilience policy	Head of Emergency Management
VCFS Framework	Chief Executive

GOVERNANCE REVIEW PROCESS

Annex D



Scope

The Governance Panel (the panel) ensures that the Council has a robust method of scrutiny and appraisal of Governance. The panel advises Statutory Responsibilities Network¹, Audit & Governance Committee (A&GC) and Cabinet on the adequacy of the arrangements and proposes areas for improvement through the Annual Governance Statement (AGS).

The panel reviews reports from Internal Audit, Risk & Governance, External Audit and other relevant documents.

The Role of the Governance Panel

The Governance Panel collectively, is responsible for:

- Annually reviewing the Code of Corporate Governance and approving changes prior to presentation at the A&GC
- Reviewing reports from Internal Audit, Risk & Governance, External Audit and other inspectorates as appropriate
- Reviewing significant changes to governance documents within the Code of Corporate Governance
- Reporting significant governance issues, providing updates and presenting the draft AGS to the SRN and A&GC

Membership

The following officers form the Governance Panel:

Chair	-	Director of Legal and Democratic Services (Monitoring Officer)
Standing members	-	Director of Finance (Section 151 Officer)
	-	Representative from HR & Organisational Development
	-	Chief Internal Auditor
	-	Representative from Policy and Performance
	-	Risk & Governance Manager
Advisors	-	Governance custodians
	-	Representatives from Internal Audit

¹ Consisting Chief Executive (Chair), statutory officers for: Social Care, Education, Fire, Public Health, Director of Finance, Director of Legal and Democratic Services, Chief Internal Auditor, Director of HR

Individual Roles and responsibilities

Chair

- Proactively chair panel meetings, ensure meetings are effective and actions have been completed
- Present panel reports to SRN, A&GC and Cabinet and feed back to the rest of the panel members
- Report back to the panel on key issues from other governance meetings as appropriate, including partnerships

Panel members

- Proactively participate at panel meetings
- Report back to the panel on key issues from other governance meetings as appropriate, including partnerships

Risk and Governance Manager

- Lead on the annual review of governance, including the development of the AGS
- Provide reports to the panel on areas of risk and governance, including strategic and significant service risks, annual governance review reports and progress reporting
- Prepare panel reports for SRN, A&GC and Cabinet
- Report key issues from external audit and inspection reports including the Annual Audit Letter and the Annual Governance Report
- Undertake the annual review of the Code of Corporate Governance and recommend changes to the panel

Chief Internal Auditor

- Provide updates and reports to the panel on internal control and key audit findings

Governance Custodians

May be required to attend any panel meetings at the request of the Chair

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Audit & Governance Committee
28 May 2015

2014/15 Annual Governance Statement

SUMMARY AND PURPOSE:

This report presents the Annual Governance Statement, which summarises the council's governance arrangements for the financial year ending 31 March 2015.

The council is required to undertake an annual review of governance and prepare an Annual Governance Statement under the Accounts and Audit Regulations 2011.

RECOMMENDATIONS:

The Committee is asked to:

1. Review the contents of the draft Annual Governance Statement (Annex A) to satisfy themselves that the governance arrangements are represented correctly; and
2. Commend the draft Annual Governance Statement to the Cabinet for publication with the council's Statement of Accounts and the Annual Report.

INTRODUCTION:

- 1 Surrey County Council's 'Code of Corporate Governance' describes the good governance principles adopted by the council and by which the governance arrangements are assessed. It also details the methodology by which the annual review of governance is undertaken.
- 2 The review of governance is overseen by the Governance Panel (Director of Legal and Democratic Services [chair], Director of Finance, senior representatives from HR and Policy & Performance, Chief Internal Auditor and Risk & Governance Manager), which has the responsibility for the development and maintenance of the governance environment and production of the Annual Governance Statement (AGS).
- 3 The 2014/15 annual governance review has provided a satisfactory level of assurance on the council's governance arrangements.

PREVIOUS YEAR'S ANNUAL GOVERNANCE STATEMENT:

- 4 The 2013/14 AGS identified a number of areas that required strengthening in order to enhance the overall governance arrangements. Positive progress has been made in these areas and they are summarised below:

Information Governance

- 5 *Further work is required to raise awareness of the information governance risks across the organisation. Key to this is not only the need to ensure policies and procedures are clear and up to date and easily accessible to staff but to ensure local controls are in place to ensure compliance with them.*
- 6 Positive action has been taken to address the high priority recommendations made in the audit report and information governance now has a medium residual risk rating (previously high) on the Leadership risk register. More information is provided in the Internal Audit annual report that is included within this agenda.

Social Care Debt

- 7 *Improvements identified through Internal Audit and service led reviews need to be fully embedded. This will ensure that more of the monies due to the council are received in a timely manner and appropriate action taken where credit balances exist.*
- 8 The committee received an update on Social Care Debt at the meeting on 9 April 2015 and progress was noted. More information is provided in the Internal Audit annual report that is included within this agenda.

Children in Care Health and Dental Checks

- 9 *There is a need to reduce the current delay between the time Children's Services are notified of a completed health check and the corresponding paperwork being received so that the completion of the health check can be properly validated. Further work is required to clear a backlog of health assessments for children placed outside of Surrey.*
- 10 Positive action has been taken to address the recommendations made in the audit report and the Management Action Plan progress report presented to the committee in May 2014 reported all progress as green.

DRAFT 2014/15 ANNUAL GOVERNANCE STATEMENT:

- 11 The 2014/15 draft AGS developed by the Governance Panel is attached at Annex A. There are three main sections:

Section	Pages	Detail
The governance environment	3 to 8	Summarises the council's key policies, procedures and arrangements that evidence good governance. Includes the overall opinion of the Chief Internal Auditor on the internal control environment.
Continually strengthening governance	9	Identifies areas for improvement.
Focus for 2015/16	10	Outlines areas that the council will focus on during the year ahead to ensure continued good governance.

- 12 The AGS identifies two specific issues that have arisen during the year (Annex A, page 9), for which management action plans are being implemented by the identified responsible officers and progress will be monitored by Select Committees and the Audit and Governance Committee.

Consultation

- 13 The Statutory Responsibilities Network, Chief Executives Direct Reports, Chief Executive and the Leader of the Council have been consulted and their comments are incorporated.

MONITORING AND REVIEW:

- 14 The Governance Panel will continually review the governance arrangements throughout the year, as well as focusing on the specific areas identified in the AGS. Governance update reports will be presented to the Audit and Governance Committee throughout the year as appropriate.

IMPLICATIONS:

Financial

- 15 There are no direct financial implications arising from this report. Continued improvements in governance will help to deliver value for money for residents.

Equalities

- 16 There are no direct equalities implications of this report.

Risk management

- 17 Strong governance arrangements support the council in the effective delivery of services and achievement of objectives. Positive action to respond to the issues in the AGS will enhance the council's ability to mitigate risk.

WHAT HAPPENS NEXT:

The AGS will be presented to Cabinet for approval on 23 June 2015, signed by the Chief Executive and the Leader of the Council and then incorporated into the council's Statement of Accounts for 2014/15 and the Annual Report.

REPORT AUTHOR: Ann Charlton, Chair of Governance Panel

CONTACT DETAILS: Tel: 020 8541 9001 or ann.charlton@surreycc.gov.uk

Sources/background papers: Governance panel minutes. Annual review of governance working papers. Code of Corporate Governance. CIPFA/SOLACE framework *Delivering Good Governance in Local Government*. 2013/14 AGS. Audit and Governance Committee papers.

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Annual Governance Statement 2014/15

DRAFT



CONTEXT

The 2014/15 review has provided a satisfactory level of assurance on the governance arrangements for the year



Our Corporate Strategy, Confident in Surrey's future

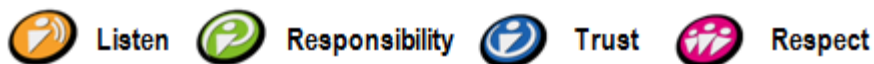
Surrey County Council (the council) has a responsibility for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. The council is required to prepare an Annual Governance Statement (AGS) under the Accounts and Audit (England) Regulations 2011.

The council is committed to fulfilling its responsibilities in accordance with the highest standards of good governance to support its Corporate Strategy "Confident in Surrey's future" and the council has adopted a Code of Corporate Governance through which good governance is evidenced. This AGS outlines the council's governance arrangements and achievements during 2014/15 and highlights areas to continue to strengthen governance in 2015/16.

The annual review of governance is overseen by the Governance Panel (the panel). The panel comprises the Director of Legal and Democratic Services [chair], the Director of Finance, senior representatives from HR and Organisational Development and Policy and Performance, the Chief Internal Auditor and the Risk and Governance Manager. The panel meets four times a year and reports to the Statutory Responsibilities Network and the Audit and Governance Committee. The 2014/15 review has provided a satisfactory level of assurance on the governance arrangements for the year.

THE GOVERNANCE ENVIRONMENT

Purpose and outcome



The Corporate Strategy, 'Confident in Surrey's future', provides clear direction for staff as well as a signpost for residents, businesses and partner organisations and has the council's four values of Listen, Responsibility, Trust and Respect at its heart. It is underpinned by a suite of supporting documents such as the interactive Medium Term Financial Plan, Investment Strategy and service plans. The Chief Executive reports progress on delivering the Corporate Strategy to full County Council on a six-monthly basis.

The council's strategic framework for innovation is supporting the development of new ideas and approaches. The New Models of Delivery Programme is enabling and assisting services in identifying and assessing opportunities in a structured way. The council's 'Improvement toolkit' uses a range of concepts, principles and tools that identify and support effective service delivery from the residents' and service users' perspective. The Digital Transformation Programme is looking at ways in which technology can be used as a platform to improve service delivery and support partners.

There has been an increased emphasis on commercial activity and Boards have been put in place to provide oversight. A Shareholder Board monitors the council's trading activity and ensures satisfactory performance of the trading companies created and owned by the council. An Investment Advisory Board provides strategic oversight of the Investment Strategy and evaluates investment opportunities prior to presentation to Cabinet. Both these Boards are member led and are supported by relevant internal and external professional advisors. A high level Programme Board, including the Strategic Director for Business Services, Section 151 Officer and Monitoring Officer, monitors the overall progress of the New Models of Delivery Programme. The arrangements have been further strengthened by a new member led Transformation Sub-Group that will scrutinise partnership models and the Shareholder Board.

Scorecards are used to monitor progress against the corporate strategy objectives, measured through a variety of key indicators related to staff, costs, residents, and performance. Finance, performance and risk information is reviewed by senior management and scrutinised by member Boards. A Continual Improvement and Productivity Network oversees and tracks performance and improvement.

THE GOVERNANCE ENVIRONMENT

Leadership and behaviour

During 2014/15 the formal directorate/service arrangements have been supplemented by the establishment of four key leadership networks; Statutory Responsibilities, Continual Improvement and Productivity, New Models of Delivery, Prosperous Places; and the Extended Leadership Team (senior managers). These networks tackle key challenges and opportunities focussed on cross-cutting priorities and strengthen the one team approach by broadening the leadership within the council.

The Chief Executive continues to engage with and support staff by providing regular updates and key messages through emails and the intranet via a blog. He also regularly visits offices across the county by himself and with the Leader to meet, listen, learn and engage with staff. All heads of service have quarterly meetings with the Chief Executive.

The functions of the Monitoring Officer (Director of Legal and Democratic Services) and Section 151 Officer (Director of Finance) are specified by statute and between them they are responsible for ensuring lawfulness, fairness and financial prudence in decision-making.

The council's financial management arrangements fully comply with the Chartered Institute of Public Finance and Accountancy's Statement on the Role of the Chief Financial Officer (CIPFA, 2010). The Director of Finance meets her financial responsibilities and ensures fully effective financial management arrangements are in place. She has reported directly to the Chief Executive throughout 2014/15 and is a member of Chief Executive's Direct Reports and the Statutory Responsibilities Network. She has regular meetings with and has direct access to the Chief Executive, the Leader, Monitoring Officer, Chief Internal Auditor and External Auditor. The Director of Finance and the Chief Executive have regular support meetings with key budget holders. Budget workshops led by the Director of Finance are held with Cabinet and the Leadership Team on a monthly basis throughout the budget planning cycle. In addition, a programme of finance briefings for all members has been held throughout the year.

The roles, responsibilities and delegated functions for officers and members are set out in the Constitution of the Council. The Scheme of Delegation for members and officers is regularly reviewed and updated in consultation with services and the Cabinet, before being approved by full County Council.

The Cabinet comprises the Leader, Deputy Leader and eight additional Cabinet Members, with each Member holding the brief for a particular portfolio of services. Four Associate Cabinet Members

THE GOVERNANCE ENVIRONMENT

Leadership and behaviour

support Cabinet portfolio holders in the most complex areas but do not have voting rights. Decisions can be taken by individual members of the Cabinet or collectively by the full Cabinet (excluding Associates).

The Staff and Member Codes of Conduct set out the expected high standards of conduct and training is provided through induction. The Codes of Conduct are supplemented by the Member/Officer Protocol, which provides principles and guidance for good working relations, and the Strategy Against Fraud and Corruption. The Monitoring Officer and the Member Conduct Panel deal with allegations of breaches of the Member Code of Conduct. The register of pecuniary interests for all members can be viewed online. The Staff Code of Conduct is being refreshed following the

internal audit of Organisational Ethics so that it explicitly references the Standards in Public Life.

Transparency and stewardship

The council produces an Annual Report that demonstrates the delivery of priorities over the year through highlighting key data on performance and notable achievements; and includes the AGS and summary audited accounts. The 2013/14 Statement of Accounts was audited and approved for publication by the end of July 2014 (previously September).

A Capital Working Group, comprising of senior managers, recommends the council's capital budget and oversees monthly monitoring. The Investment Panel continues to ensure all proposed service capital investments have robust business cases before formal decision by Cabinet or Cabinet Member as

appropriate. It is chaired by the Director of Finance and comprises senior leaders including the Chief Property Officer, Chief Internal Auditor and Head of IMT, as well as other heads of service to ensure a broad perspective for challenge.

The council's risk management strategy is part of the Constitution and is reviewed annually. The Strategic Risk Forum, chaired by the Director of Finance, brings together lead officers from across the council to review and challenge risk and ensure a consistent risk approach is adopted. The Leadership risk register is regularly reviewed by the Statutory Responsibilities Network, Audit and Governance Committee and Cabinet. The Cabinet attended a risk workshop, facilitated by the Director of Finance, to review the Leadership risk register.

THE GOVERNANCE ENVIRONMENT

Transparency and stewardship

The council's external auditors' latest report on value for money positively concluded that 'the council has adequate or better arrangements in place.'

The council's Whistle-blowing policy encourages staff to raise concerns, such as bullying or harassment or fraud, through an anonymous, confidential and independent hotline. A range of communication channels are used to publicise the policy and the supporting arrangements.

As part of the council's policy on transparency and openness, information is made available to residents and business through the publication of expenditure invoices for spend over £500 and salaries of staff who earn over £58,200 (named from (£100,000)).

The gifts and hospitality register is online and provides a means for staff to register anything offered or accepted, making the entire process transparent.

The council has six member Boards who provide challenge to the Cabinet. Each Board will have a Performance & Finance Sub-Group to undertake scrutiny of budgets and corporate performance measures. The Council Overview Board, comprising the Board chairmen, takes a council-wide view and leads on collaborative scrutiny issues. Every County Council, Cabinet and Planning and Regulatory Committee meeting is webcast to enable people to watch meetings online.

The Audit and Governance Committee comprises six councillors (the Chairman is a Residents' Association/Independent Councillor) who have been specifically chosen to enable robust challenge and assurance from a position of knowledge and experience. The committee provides independent assurance on the council's control environment, the adequacy of the risk and governance arrangements, financial reporting and ethical standards. During the year a task group of the committee undertook a self-assessment of the committee's effectiveness in line with CIPFA best practice. The review concluded that the committee is generally effective and made a number of recommendations that are being implemented and progress will be reported through the committee's annual report.

The Surrey Local Government Pension Fund Board takes decisions on behalf of the council as the administering body for the Local Government Pension Scheme and meets four times a year. A new Local Pension Board has been established to assist the Surrey Pension Fund Board in the exercise of its functions but has no decision making powers. There has also been the establishment of a Local Fire Pension Board to assist the Surrey Fire and Rescue Authority in the administration of its

THE GOVERNANCE ENVIRONMENT

Transparency and Stewardship

Firefighters' Pension Scheme.

An Effective audit opinion was given following an internal audit of Organisational Ethics. The review concluded that the council has effective arrangements in place to ensure its decisions are open, accountable and in line with recognised ethical standards.

The annual review of the effectiveness of the system of internal audit, undertaken by the Chief Internal Auditor, concluded that appropriate controls were in place during 2014/15 to ensure an effective internal audit service was provided.

The overall opinion of the Chief Internal Auditor on the internal control environment for 2014/15 is "some improvement needed." A few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate and effective to provide reasonable assurance that risks are being managed and objectives met.

The People Strategy sets out the council's aims and objectives in relation to employees and the wider workforce, including volunteers, charities and members of the public who help the council to help residents.

The council makes a considerable investment in skills and professional development training to ensure safety, compliance, safeguarding and high standards of professionalism and customer care. The training and development programme includes a range of e-learning and classroom based courses, online guidance and websites. A high performance development programme is in place to ensure staff are resilient and are able to perform strongly in challenging and uncertain circumstances.

People



THE GOVERNANCE ENVIRONMENT

Engagement and collaboration

The council created two new companies in 2014/15. Surrey Choices Ltd is delivering Adult Social Care day services and community support and a property company has been created to strengthen the council's ability to invest in a diversified and balanced portfolio of assets.

The council continues to build on the strong relationships with key partners such as Surrey's Districts and Boroughs and other public bodies, and is making good progress on emergency service collaboration, the Surrey Family Support Programme and health and social care integration. A 'Collaborate event' was held in November 2014 that brought together over 400 leaders, senior managers and partners from across Surrey, Sussex and the South

East to explore how services can be transformed by working together more effectively.

Surrey County Council and East Sussex County Council's business and support services have been brought together in partnership, known as Orbis, which will operate as one function under the management of a Joint Committee. The vision of the partnership is to create a resilient organisation that delivers value for money and is expected to develop and grow over time.

The trading standards services at Surrey County Council and Buckinghamshire County Council have been merged to form a new joint service, overseen by a Joint Committee. The shared strengths of the joint team allows for more effective protection to support residents and local businesses in both counties.

There has been continued focus on aiding the recovery post flooding. The council has worked with residents and businesses to help access grants for repairs to homes and repair flood damaged roads and bridges.

The council continues to develop Surrey-i, which publishes information about the council's residents and communities. It gives access to essential data, including customer needs, demand and supply side data. Snapshots are used to bring together information in a visual and user friendly way and these can be seen in the latest Annual Report.

The Surrey Residents Survey, jointly commissioned with Surrey Police, gathers customer satisfaction data and the results form part of the corporate performance scorecard. Formal customer feedback procedures ensure that feedback is both consistent and appropriate and outcomes are reported through a quarterly digest.

CONTINUALLY STRENGTHENING GOVERNANCE

We are continually strengthening and enhancing our governance arrangements



Governance arrangements have been strengthened through the implementation of Management Action Plans in all the areas highlighted in the 2013/14 AGS, which were information governance, social care debt and children in care health and dental checks. Improvements have also been made in the procedures for profiling and monitoring capital spend.

There are a number of areas where there is a need to enhance the governance arrangements during 2015/16, in particular:

- **Children's and Safeguarding Service**
 - There is a need to reduce reliance on long term agency resource particularly in management/supervisory roles;
 - As the number of children in receipts of direct payments increases, the council must ensure it has robust systems in place to demonstrate that social care reviews are conducted in a timely manner in line with stated policy; and
 - The council needs to improve its administration of looked after children's personal finances to ensure it meets its statutory duty as the corporate parent.
- **Contract Management** – there is a need to ensure that the council's central contract management system contains key information on significant contracts to enable effective contract monitoring and timely procurement.

13 **FOCUS FOR 2015/16**

Strong governance arrangements will support the increasing number and scale of challenges we are facing

The scale of the strategic challenges the council is facing is increasing and the growing demand for services accelerated by new legislative responsibilities, alongside continuing to meet existing responsibilities. These include the implementation of the new duties incorporated in the Care Act and working with partners on the Better Care Fund Plan. The environment for delivering Adult Social Care and Children’s Services is increasingly demanding due to complexity of cases, volumes and national concerns such as children in need. We will maintain our focus on programmes such as Family, Friends and Communities to assist with social care needs and demands. Strengthening our understanding of residents’ experiences and our capability to

co-design and co-deliver solutions is key to delivering our strategic goals.

The new Government brings potential changes to policy and future funding and long term financial planning will be challenging. We know we are going to have to continue thinking and working differently to find the best solutions for Surrey. Realising the opportunities identified by innovation work and seizing opportunities opened up by latest technology and digital developments will help to support the changes we want to make for residents, manage growing demands and ensure our county’s economy remains strong and sustainable.

We will continue to make important investments and improvements for staff and members to ensure they have the training, support, equipment and working environments needed to work effectively and provide high standards of customer care for Surrey residents, business and the voluntary and community sector.

Leader of the Council

Chief Executive
July 2015

