

Notice of Meeting

Audit & Governance Committee



Date & time
Monday, 28
September 2015
at **10.00 am**

Place
Committee Room C,
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 and Cabinet Member for Economic Prosperity), Mrs Sally Ann B Marks (Chairman of the County Council) and Mr Nick Skellett CBE (Vice-Chairman of the County Council)

AGENDA

1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

2 MINUTES OF THE PREVIOUS MEETING: 27 JULY 2015

(Pages 1
- 14)

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 (*22 September 2015*).
2. The deadline for public questions is seven days before the meeting (*21 September 2015*).
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

5 RECOMMENDATIONS TRACKER

(Pages
15 - 28)

To review the committee's recommendation tracker.

6 2014/15 ANNUAL AUDIT LETTER

(Pages
29 - 40)

This report summarises the key messages as detailed in the Grant Thornton Audit Findings Report that was presented to the Audit and Governance Committee on 27 July 2015.

- 7 2014/15 EXTERNAL AUDIT PERFORMANCE REPORT** (Pages 41 - 46)
- This report provides the Audit & Governance Committee with details of Grant Thornton's performance during the last 12 months against the Key Performance Indicators (KPIs) previously agreed with the Council.
- 8 ANNUAL COMPLAINTS PERFORMANCE REPORT** (Pages 47 - 54)
- The purpose of this report is to give the Audit & Governance Committee an overview of the council's performance in relation to complaint handling in 2014/15 and how feedback from customers has been used to improve services.
- 9 ABSENCE MANAGEMENT** (Pages 55 - 74)
- The purpose of this report is to provide an update for Members on progress in implementing the Internal Audit recommendations made following a review of Absence Management conducted in February 2015.
- 10 PROPERTY ASSET MANAGEMENT SYSTEM UPDATE** (Pages 75 - 82)
- The purpose of this report is to update the committee on progress with the joint Surrey CC and Hampshire CC implementation of the Manhattan Atrium Property Asset Management System (PAMS).
- 11 COMPLETED INTERNAL AUDIT REPORTS** (Pages 83 - 114)
- The purpose of this report is to inform Members of the Internal Audit reports that have been completed since this Committee last considered a Completed Internal Audit Reports item in May 2015 - as attached at Annex A.
- 12 LEADERSHIP RISK REGISTER** (Pages 115 - 126)
- The purpose of this report is to present the Leadership Risk Register as at 31 August 2015 and update the committee on any changes made since the last meeting to enable the committee to keep the council's strategic risks under review.
- 13 STATUTORY RESPONSIBILITIES NETWORK** (Pages 127 - 130)
- To update the Audit & Governance Committee on activity of the Statutory Responsibilities Network.
- 14 LOCAL FIREFIGHTERS' PENSION BOARD** (Pages 131 - 142)
- The report provides a recommendation for the Audit and Governance Committee to approve amendments to the terms of reference of the Local Firefighters' Pension Board.
- The Chairman has approved this item to be taken as a matter of urgency to allow the Local Firefighters' Pension Board to meet as soon as possible,

according to the Pensions Regulator's requirements.

15 DATE OF NEXT MEETING

The next meeting of Audit & Governance Committee will be on 7 December 2015.

**David McNulty
Chief Executive**

Published: 18 September 2015

MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE

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It is requested that if you are not using your mobile device for any of the activities outlined above, it be switched off or placed in silent mode during the meeting to prevent interruptions and interference with PA and Induction Loop systems.

Thank you for your co-operation

MINUTES of the meeting of the **AUDIT & GOVERNANCE COMMITTEE** held at 10.00 am on 27 July 2015 at Committee Room B - County Hall.

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

Elected Members:

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

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

Denise Le Gal, Cabinet Member for Business Services and Resident Experience

50/15 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

There were no apologies for absence, although Tim Hall and Saj Hussain were late to the meeting.

51/15 MINUTES OF THE PREVIOUS MEETING: 28 MAY 2015 [Item 2]

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

52/15 DECLARATIONS OF INTEREST [Item 3]

There were none.

53/15 QUESTIONS AND PETITIONS [Item 4]

There were none.

54/15 RECOMMENDATIONS TRACKER [Item 5]**Declarations of interest:**

None

Witnesses:

Kevin Kilburn, Deputy Chief Finance Officer

Sue Lewry-Jones, Chief Internal Officer

Saj Hussain joined the meeting at 10.01am.

Key points raised during the discussion:

1. In relation to A49/14 (Teacher's Pension Return), the Deputy Chief Finance Officer informed the committee that he had received a response from the Teachers' Pensions Agency, which queried which year was affected. He had written to request clarification as the issue affected all years. The committee requested that the Deputy Chief Finance Officer write again during the current week.
2. In relation to A12/15 (SE Business Services), the committee agreed to consider the issue of appointing a finance officer as director of SE Business Services at the September or December meeting of the committee.

Tim Hall joined the meeting at 10.05am.

3. In relation to A18/15 (SEND strategy), the Chairman informed the committee that an officer had been seconded to lead on the development of the SEND Strategy. The redrafted Strategy would be shared with the Education and Skills Board on 17 September 2015. A member of Audit & Governance Committee also sits on that Board and can report back to the committee's meeting on 28 September 2015.
4. In relation to A20/15 (Adult Social Care record keeping), a letter from the Cabinet Member for Adult Social Care, Wellbeing and Independence was tabled and is attached as Annex A to the Minutes. The committee queried the comments about data protection as Business Services has experience of dealing with personal data. Members were also unsure whether the Cabinet Member agreed in principle with the recommended move of record keeping to Business

Services. The Chairman agreed to discuss the matter further with the Cabinet Member and report back to the committee.

5. In relation to A21/15 (foster care audit), the Chief Internal Auditor informed the committee that the audit was underway and the findings may be ready for the September meeting of the committee.
6. In relation to A22/15 (Kier MG discounts), the Chief Internal Auditor clarified that Maximo was the IT system used to record jobs run by Kier. It had an interface with SAP. The Chairman asked for an update on whether the final balance for 2014/15 was settled in the July batch payment to Kier and what the final figures were. Members considered whether other contracts with discounts built in or performance-related contracts are adequately monitored. The Chief Internal Auditor reminded Members that services should be monitoring their contracts and be aware of what provisions are written in.

Action/Further information to note:

None.

RESOLVED:

That the committee NOTES the report.

Committee next steps:

None.

55/15 SURREY COUNTY COUNCIL: STATEMENT OF ACCOUNTS 2014/15 AND GRANT THORNTON AUDIT FINDINGS REPORT [Item 6]

Declarations of interest:

None

Witnesses:

Kevin Kilburn, Deputy Chief Finance Officer
Jonathan Evans, Principal Accountant – Financial Accounting

Andy Mack, Engagement Lead (Grant Thornton)
Kathryn Sharp, Senior Manager (Grant Thornton)
Thomas Ball, Manager (Grant Thornton)
Matt Dean, Audit Manager (Grant Thornton)

Key points raised during the discussion:

1. The Principal Accountant introduced the report and highlighted the amendments made to the Accounts since the draft accounts were produced and presented to external audit in May 2015. These related to a collection fund adjustment and schools accounting.
2. It was confirmed that delays to collection fund figures being provided to the county council were due to just three borough/district councils: Mole Valley District Council, Reigate and Banstead Borough Council, and Surrey Heath Borough Council. Officers confirmed that they had informed accounting staff in the borough and district councils of the relevant deadlines and had agreed a later deadline in response to requests by the councils. The issue of deadlines was also raised at the Surrey Treasurers meeting. It was suggested and agreed that the Chairman should write to the Leader and Chief Executive, copying in the Audit Committee Chairman, of each of the three local authorities,

stressing the importance of meeting the deadlines on provision collection fund figures (**Recommendations tracker ref: A28/15**).

3. The committee was informed that officers were seeking legal advice with regard to accounting for foundation schools. Grant Thornton representatives confirmed that they were comfortable with how the Council had dealt with this issue. They would be surprised if the legal advice went against the Council's interpretation. Resolution was being pursued as high priority as there could be implications for budget planning and the council tax precept for 2016/17.
4. Regarding the Value for Money opinion, the Chairman queried the meaning of the qualification on an 'except for' basis. The Engagement Lead for Grant Thornton explained that the audit had to pay regard to the Ofsted review. The opinion is likely to be that the council has put in place proper arrangements for securing economy, efficiency and effectiveness 'except for' this one area. However, the findings were now being dealt with. Members queried why audit processes hadn't picked up the issues in Children's Service. The Chief Internal Auditor highlighted that the Children's Safeguarding Quality Assurance Process audit had found that significant improvement was needed. She also informed the committee that Internal Audit was involved in quality assurance during the improvement programme for Children's Service.
5. The Principal Accountant introduced a schedule of changes, addressing amendments requested by external audit. This is attached as Annex B to the Minutes.
6. The Engagement Lead for Grant Thornton expressed thanks to the officer team from Finance for their support during the audit of the council's accounts. He highlighted the short timescale within which the accounts have been completed and pointed out that, as in two years the statutory deadline for publication of the audited accounts would be July, the council may wish to consider how it can further shorten the timescales to stay ahead of the competition. The Chairman responded that speed should not compromise the information included in the accounts.

Action/Further information to note:

The Chairman to write to the Leader and Chief Executive, copying in the Audit Committee Chairman, of each of the three local authorities, stressing the importance of meeting the deadlines on provision of collection fund figures.

RESOLVED:

That the Committee:

- i. APPROVES the 2014/15 Statement of Accounts for publication on the council's website and in a limited number of hard copies;
- ii. NOTES the contents of the 2014/15 Audit Findings Report;
- iii. AGREES the officer response to recommendations of the external auditor;
- iv. NOTES the Director of Finance's letter of representation; and
- v. Agrees not to refer any issues in the Audit Findings Report to Cabinet.

Committee next steps:

None.

**56/15 SURREY PENSION FUND: LOCAL GOVERNMENT PENSION SCHEME
ACCOUNTS 2014/15 AND GRANT THORNTON AUDIT FINDINGS
REPORT [Item 7]**

Declarations of interest:

None

Witnesses:

Phil Triggs, Strategic Manager – Pension Fund and Treasury

Andy Mack, Engagement Lead (Grant Thornton)
Kathryn Sharp, Senior Manager (Grant Thornton)
Thomas Ball, Manager (Grant Thornton)
Matt Dean, Audit Manager (Grant Thornton)

Key points raised during the discussion:

1. The Strategic Manager – Pension Fund and Treasury introduced the report, taking responsibility for the late and incomplete submission of parts of the draft Pension Fund Financial Statements. He clarified that the negative figures regarding foreign exchange contracts on the Net Asset Statement was not an indication of poor performance.
2. Responding to a question about likely trend for collapsing corporate bonds, the Strategic Manager – Pension Fund and Treasury informed the committee that the Surrey Pension Fund Committee had agreed to replace investment grade investment credits with a multi-asset credit portfolio and had appointed an investment manager for this mandate. He assured the committee that officers actively monitor trends and interest rates.
3. The Strategic Manager – Pension Fund and Treasury informed the committee that the Surrey Pension Fund Committee had commissioned a deep dive review of the cost of running the pension fund and would be reporting back to that committee in September.
4. The Strategic Manager – Pension Fund and Treasury explained that the issue with the Magistrates Court Service was still subject to receipt of various sum instalments, with actuaries appointed for both the Pension Fund and the Magistrates Court Services.
5. The Grant Thornton Audit Manager informed the committee that while there had initially been a few issues with the audit process, this improved as the audit progressed. An additional fee had been proposed because of the delays in submission of information. Once the Pension Fund Annual Report was submitted, the audit could be signed off. The Strategic Manager – Pension Fund and Treasury confirmed that this was being worked on and would be published soon.

Action/Further information to note:

None.

RESOLVED:

That the Committee:

- i. APPROVES the 2014/15 Pension Fund Financial Statements;
- ii. NOTES the amendments made to the Pension Fund financial statements;
- iii. NOTES the contents of the Audit Findings for Surrey Pension Fund Report;

- iv. Agrees not to refer any issues in relation to the auditor's conclusions and recommendations to Cabinet;
- v. NOTES the content of the draft representation letter and AUTHORISES the Director of Finance to sign it on the authority's behalf.

Committee next steps:

None.

57/15 2015/16 EXTERNAL AUDIT FEE LETTER [Item 8]

Declarations of interest:

None

Witnesses:

Andy Mack, Engagement Lead (Grant Thornton)
 Kathryn Sharp, Senior Manager (Grant Thornton)
 Thomas Ball, Manager (Grant Thornton)
 Matt Dean, Audit Manager (Grant Thornton)

Key points raised during the discussion:

1. The Engagement Lead for Grant Thornton introduced the planned fee for the 2015/16 external audit of the Council. The reduction in the fees was highlighted

Action/Further information to note:

None

RESOLVED:

That the Committee NOTES the contents of the 2015/16 External Audit Fee Letter.

Committee next steps:

None.

58/15 TREASURY MANAGEMENT OUTTURN REPORT 2014/15 [Item 9]

Declarations of interest:

None

Witnesses:

Phil Triggs, Strategic Manager – Pension Fund and Treasury

Key points raised during the discussion:

1. The Strategic Manager – Pension Fund and Treasury introduced the report, explaining the treatment of funds held on behalf of schools and the Office of the Police and Crime Commissioner for Surrey.
2. In response to a question about the long term borrowing maturity profile, the Strategic Manager – Pension Fund and Treasury confirmed that there was the discretion to reschedule debt with the Public Works Loan Board. The Chairman supported the approach, stating that forward borrowing is a key tool in the treasury toolbox.

3. The committee was informed that a tendering process was underway for the Treasury Management Advisor. The company that wins the tender will provide training to the committee later in the year.
4. The committee discussed the risk that the treasury management strategy is too conservative. The Strategic Manager – Pension Fund and Treasury informed the committee that over the past twelve months there has been a change in the appetite for risk among treasury managers. This would be considered when drafting the Treasury Management Strategy for 2016/17.
5. It confirmed that borrowing cannot be used to cover any shortfall from cuts to budgets. Local authorities can only borrow for long-term capital financing and to cover short-term cash-flow requirements.

Action/Further information to note:

None.

RESOLVED:

That the Committee:

- i. NOTES the content of the Treasury Management Annual Report for 2014/15; and
- ii. ADOPTS the revised Treasury Management Risk Register.

Committee next steps:

None.

The committee adjourned from 11.35am to 11.50am for a short break.

59/15 ANNUAL REPORT OF SURREY COUNTY COUNCIL [Item 10]

Declarations of interest:

None

Witnesses:

David Hodge, Leader of the Council

David McNulty, Chief Executive

Verity Royle, Senior Principal Accountant

Key points raised during the discussion:

1. The Leader of the Council and the Chief Executive introduced the report. The Senior Principal Accountant was thanked for her work on developing the Annual Report to make it more engaging to customers.
2. In response to a query about the comparison with Luxembourg, the Chief Executive informed the committee that it was broadly comparable and useful for indicating the size of the county. He also clarified that local businesses were those with their head quarters in Surrey.
3. The Leader informed the committee that the Annual report was a useful document to share with businesses. It also available in libraries and the Tax Payers Alliance had taken a close interest.

4. The committee asked why the secondary school bulge was only mentioned in passing in the report. The Chief Executive explained that work on the secondary school bulge would start to increase over the next year and would be featured more strongly in next year's Annual Report.
5. Members queried whether the figures of families involved in the Family Support Programme add up. The Chief Executive explained that in practice more families need to be engaged with through targeted whole family intervention to achieve the target numbers of families "turned around".
6. Members highlighted issues such as: children being transported long distances to schools because they haven't got into the local school; highways concerns; and people being moved out of hospitals before they are ready. The Chief Executive responded that: additional school places had been provided but oversubscription to certain schools affect the number of first preferences which can be met; there had been improvements in the highways service but the service was vulnerable to external factors such as poor weather; and the council was working better with health partners. It is often in the interests of the patient to leave the hospital quickly with support from adult social care to ensure that they retain their independence.
7. In response to a query about Blue Badges, the Leader explained that new badges may continue to take six weeks to be produced as documentation needed to be collected and reviewed. However, replacement Blue Badges would take less time.
8. A Member expressed the view that the Children's Service's Ofsted finding should have been more explicitly addressed. This could have been used to highlight social care as a key priority with the public. The Chief Executive responded that Children's Service was addressed in the Annual Report.
9. The Chairman highlighted the discussions that had taken place on airport expansion and queried why this wasn't included in the Annual Report. The Leader confirmed that Council had a clear policy on airport expansion, welcoming it so long as infrastructure improvements are made. However, the Government had only recently made its announcement on airport expansion and so next year's Annual Report would set out what the Council had done in response.

Action/Further information to note:

An updated page on the Corporate Environment Sustainability Headlines would be circulated to the committees when the figures were finalised (**Recommendation tracker ref: A29/15**).

RESOLVED:

That the Committee NOTE and ENDORSE the Annual Report for the authority.

Committee next steps:

None.

60/15 DATE OF NEXT MEETING [Item 11]

The date of the next meeting was noted.

Meeting ended at: 12.25 pm

Chairman

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Cllr Stuart Selleck
Chairman of Audit & Governance Committee
Surrey County Council
c/o Room 122
County Hall

CABINET MEMBER

Mel Few
County Hall
Penrhyn Road
Kingston-Upon-Thames
KT1 2DN

PA: 0208 541 9020
Email: mel.few@surreycc.gov.uk

14 July 2015

Dear Cllr Selleck

Thank you for your letter on the issue of credit balances in the Adult Social Care Debt. As you rightly note there is an issue in clearing the credit balances made a little more complicated by the division in processes of two separate functions within the Council.

Dealing with the Adults perspective, capturing data at an early stage is an essential first step in obtaining details of next of kin etc, the current AIS system is complicated and this initial step is not always obvious to the care practitioner when first entering the clients information. It is expected that the new system provided by Liquid Logic will assist with this issue.

As to your comment of moving the record keeping to the Business Service is problematic due to data protection issues as the AIS system contains significant personal information.

I will assure you however, that this item is under review.

Yours sincerely

Melville Few

Cabinet Member for Adult Social Care, Wellbeing and Independence
County Councillor for
Virginia Water, Lyne, Longcross, Thorpe and Ottershaw

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Addendum to Item 6

Schedule of changes

Note	Page no	Change
Note 1 – Summary of significant accounting policies	24	Update page reference in first paragraph to 'page 153'
Note 3 – Critical judgements in applying accounting policies	33	Remove reference to 'Audit Commission guidance' in second paragraph and insert the following sentence 'More information on the justification for this change in accounting policy is provided in section 6 of the explanatory foreword on page 8 or in Note 14 on page 46 for schools accounting In the final sentence of paragraph 5 remove the phrase 'within the sprit' and replace with 'consistent with'.
Note 5 – Material items of income and expenditure	35	Update academy write off figure from £33.9m to £55.6m
Note 12 – Property, plant and equipment	45	In the revaluations section insert the sentence 'except a small proportion of the portfolio for Surrey Arts and school's tied accommodation'
Note 21 – Usable reserves	58	Insert '£000' to each column heading
Note 23 – Amounts reported for resource allocation decisions	63	Remove minus sign from 'Total Comprehensive Income & Expenditure' line so it is positive £101.5m
Note 36 – Other short-term and long-term liabilities	79	Insert '£000' to each column heading
Group Accounts: Group movement in reserve statement	94 & 95	Insert '£000' into column headings for 'profit and loss reserve' and 'pension reserve of subsidiary'
Group Accounts: Note 1 – General	99	Insert page references '19 to 92'
Group Accounts: Note 2 – Group Boundary	99	Insert the word 'the', so the opening to the final paragraph reads 'None of the other entities'
Annex 1: Accounting policies	163	In the section xiv 'Interests in other entities' insert the sentence, 'The council has determined that it exerts significant control over both S.E. Business Services and Surrey Choices as they are both Local Authority Trading Companies wholly owned by the council.'

Annex C: Letter of representation

On page 2 of the letter remove the seventh paragraph starting 'We have considered the unadjusted misstatement schedule...'

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**Audit & Governance Committee
28 September 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 8 September 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
020 8541 9075
cherylh@surreycc.gov.uk

Sources/background papers: None

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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 to be delivered by the end of 2015.
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.
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	On 27 July 2015, the Chairman informed the committee that an officer had been seconded to lead on the development of the SEND Strategy. The redrafted Strategy would be shared with the Education and Skills Board on 21 October 2015.
A20/15	28/05/15	Completed Internal Audit Reports	The Chairman to write to the Leader of the Council and relevant Cabinet Members recommending that the function of record keeping for accounts relating to individuals' care charges be moved from Adult Social Care to Business Services.	Chairman	A letter was sent to the Leader of the Council and relevant Cabinet Members on 12 June 2015. A response from the Cabinet Member for Adult Social Care, Wellbeing and Independence was tabled at the meeting on 27 July. The Chairman undertook to meet with the Cabinet Member and report back to the next meeting of the committee.

Audit & Governance Committee Recommendations Tracking

Number	Meeting Date	Item	Recommendation / Action	Action by whom	Action update
A22/15	28/05/15	Internal Audit Annual Report 2014/15	The Chief Internal Auditor to find out if an investigation into whether an automated solution to recover discounts from Kier MG had been completed and circulate the answer.	Chief Internal Auditor	<p>A response was included in the committee bulletin.</p> <p>On 27 July 2015, the Chairman asked for an update on whether the final balance for 2014/15 was settled in the July batch payment to Kier and what the final figures were.</p> <p>The response from the Chief Internal Auditor is as follows: The final account for 2014/15 has not been agreed and payment has not yet been received from Kier. A process to ensure these discounts are collected in a timely manner going forward has not yet been implemented.</p>
A26/15	28/05/15	2014/15 Annual Governance Statement	That the Committee COMMENDS the draft AGS to the Cabinet, subject to additional amendments, for publication with the council's Statement of Accounts and Annual Report.	Cabinet	<p>On 23 June 2015, 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.</p>

Audit & Governance Committee Recommendations Tracking

Number	Meeting Date	Item	Recommendation / Action	Action by whom	Action update
A28/15	27/07/15	SCC: Statement of Accounts	The Chairman to write to the Leader and Chief Executive, copying in the Audit Committee Chairman, of each of the three three borough and district councils named at committee, stressing the importance of meeting the deadlines on provision of collection fund figures.	Chairman	Letters have been drafted and sent to the individuals suggested on 2 September 2015. The committee will be informed if and when a response is received.

Audit & Governance Committee Recommendations Tracking

Completed Recommendations/Referrals/Actions – to be deleted

Number	Meeting Date	Item	Recommendation / Action	Action by whom	Action update
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	<p>The Director of Finance reported that progress had not been made because of a lack of response from Teachers' Pensions.</p> <p>On 28 May 2015, the committee suggested that the Deputy Chief Finance Officer write again to the Teacher's Pensions Agency, copying in the MP for East Surrey (who is also Parliamentary Under Secretary of State for Childcare and Education), the Leader of the Council and the Chairman of the Council.</p> <p>On 27 July 2015, the committee heard that the Agency had sent a query which had been responded to. The committee asked that the Deputy Chief Finance Officer written again to ensure resolution of the issue in the near future. An email was sent to the Teachers' Pensions Agency on 28 July 2015. Due to a lack of response, the Chairman has suggested that officers inform the Teachers' Pensions Agency that we would not continue to chase this as the responsibility lies with that agency.</p>

Audit & Governance Committee Recommendations Tracking

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	<p>The Chairman has discussed this with the Deputy Chief Finance Officer and raised with the Leader of the Council and the Chief Finance Officer.</p> <p>On 28 May 2015, the Deputy Finance Officer confirmed that that the Shareholder Board is advised by Finance and that a finance officer attends all meetings. However, a finance officer was not a director of SE Business Services Ltd.</p> <p>A written response from Finance was included in the last bulletin which is included as an annex to this tracker.</p>
A21/15	28/05/15	Internal Audit Annual Report 2014/15	The Foster Care audit to be prioritised for commencement in the new financial year.	Chief Internal Auditor	On 27 July 2015, Chief Internal Auditor informed the committee that the foster care audit was underway.
A29/15	27/07/15	Annual Report of Surrey County Council	An updated page on the Corporate Environment Sustainability Headlines would be circulated to the committee when the figures were finalised.	Senior Principal Accountant	The updated page was included in the committee's September Bulletin (attached as an annex to this tracker).

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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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6. Committee Contact Details	5

Update from previous Audit & Governance Committee meetings

Whistleblowing	Attached is a newly updated leaflet on whistleblowing for the information of the committee. The leaflet has some fresh information about ways to submit a report to Expolink and also has a new image on the front, in keeping with our Internal Communications branding.
Directorships of the council's companies	<p>In response to suggestions at Audit & Governance Committee that a finance officer be included as a director of SE Business Services Ltd (now Orbis), Corporate Finance has given the following response:</p> <p>“The Shareholder Board is responsible for ensuring oversight of the council's companies. Their responsibilities include matters in relation to the financial performance of each company together with other strategic issues such as business direction which is captured in the requirement for the board to approve the Annual Business Plan of the company. Sheila is an advisor to the Shareholder Board and therefore Finance are involved in the governance process for our companies. Furthermore, Sheila has and will continue to raise and discuss any financial issues of concern with the appropriate Directors of each company.</p> <p>The internal financial arrangements for each company is different as a result of their size however all Directors have the same responsibilities within Company Law for the financial management of a company.</p> <p>The finance team within the council provide all necessary financial support for S.E. Business Services Ltd (this ranges from basic accountancy support through to commercial and contract bid pricing, management accounts and statutory annual accounts) and attend the board meetings of the company on a regular basis.</p>

	<p>As a result of its size, the financial support for Surrey Choices Ltd is provided from within the company, and its Chief Financial Officer is a member of the senior management team of the company. The Shareholder Board have today appointed a further Director for the company following the resignation of Nick Wilson. Kevin Kilburn has been appointed to help strengthen the financial governance arrangements.</p> <p>We will continue to maintain over-sight of the arrangements to ensure that they are fit-for-purpose as each company grows and develops”.</p>										
<p>Provision of collection fund figures</p>	<p>At the last meeting of Audit & Governance Committee, the Chairman agreed to write to the Leader and Chief Executive, copying in the Audit Committee Chairman, of each of three borough and district councils named at committee, stressing the importance of meeting the deadlines on provision of collection fund figures. Letters dated 27 August have been posted.</p>										
<p>Annual report</p>	<p>On 27 July 2015, the committee agreed the Annual Report of the Council. The committee was informed that an updated page on the Corporate Environment Sustainability Headlines would be circulated when the figures were finalised. The updated page is below:</p> <p style="text-align: center;">Corporate Environment Sustainability Headlines</p> <p>Green house gas emissions including CO₂ (tonnes CO₂ equivalent) Carbon emissions has increased by 2% from 62,538 in 2013-14 compared to 63,583 tonnes in 2014-15.</p> <p>The council's carbon emissions from its operations and estate excluding non-maintained schools increased by 2% in 2014/15 (63,583 tonnes) compared to 2013/14 (62,538 tonnes). This was despite a reduction in consumption of energy in buildings, vehicles and staff mileage. An exceptional increase in the carbon emissions per unit of electricity generated on the national grid was beyond our control, yet influenced our emissions.</p> <div style="text-align: center;"> <p>CO₂ emissions</p> <table border="1"> <thead> <tr> <th>Category</th> <th>CO₂ Emissions (tonnes)</th> </tr> </thead> <tbody> <tr> <td>Electricity in buildings</td> <td>23,139</td> </tr> <tr> <td>Gas and oil in buildings</td> <td>18,981</td> </tr> <tr> <td>Street lighting</td> <td>17,382</td> </tr> <tr> <td>Staff travel</td> <td>3,948</td> </tr> </tbody> </table> </div>	Category	CO ₂ Emissions (tonnes)	Electricity in buildings	23,139	Gas and oil in buildings	18,981	Street lighting	17,382	Staff travel	3,948
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<p>Current Audits</p>	<p>The following audits are currently in progress or at the planning stage:</p> <ul style="list-style-type: none"> Schools Audits Deputyships (Adult Social Care) Children's Improvement Plan Transport for Education HIV Service Foster Care Surrey Choices Contract Families Friends and Communities Strategic Adult Social Care Contracts Training Course Cancellations HR Casework - Resolution and Suspension Costs <p>Please advise the Chief Internal Auditor (Sue.Lewry-Jones@surreycc.gov.uk) if you have concerns regarding any of the above areas of work which we may consider as part of our audit review.</p>
<p>Counter Fraud Work</p>	<p><u>Surrey Counter Fraud Partnership</u> - SCC Internal Audit has been working with a number of borough and district partners to tackle public sector fraud across Surrey. The Surrey Counter Fraud Partnership was set up following a successful bid to the DCLG and aimed to deliver savings of £1.4m over 18 months through the detection and deterrence of fraud. The partnership, chaired by SCC and originally formed with 7 borough and district partners, has now grown to a multi agency partnership including an additional 2 borough councils, Surrey Police and Trading Standards.</p> <p>Founding partners have appointed investigators to tackle non-benefit fraud and work to date has focused on tackling social housing fraud and addressing business rates avoidance. To date savings of over £800k have been delivered in less than six months. The partnership is now looking to develop data analytics to further consolidate the resources and expertise at its disposal.</p> <p><u>Fraud Awareness Presentations</u> - The fraud awareness presentation developed by the Internal Audit team has now been presented to more than 680 members of staff in key teams including Child Protection; Financial Assessments and Benefits; Fostering and Adoption; and, Referral Assessment and Intervention Service.</p>
<p>Staffing News</p>	<p>A new member of staff, Claire Hancock has joined the team. Claire is an experienced auditor, who joins the council from London Borough of Richmond where she worked as part of the Shared Audit Service with Royal Borough of Kingston upon Thames.</p>

Further information

Committee on Standards in Public Life Annual Report 2014 – 2015 23 July 2015	<p>The Committee's annual report summarises the work of the committee including areas it has maintained a watching brief on throughout the year. The report includes observations about the current standards regime in local government.</p>
Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE) 24 July 2015	<p>The introduction of new responsibilities and the development of new collaborative structures and ways of working provide challenges for ensuring transparency, demonstrating accountability and, in particular, for managing risk. It is crucial therefore that leaders and chief executives keep their governance arrangements up to date and relevant.</p> <p>In response to these challenges, CIPFA and SOLACE are undertaking a fundamental review of the Framework: Delivering Good Governance in Local Government to ensure that it remains 'fit for purpose'. A consultation on the new draft Framework will be available on the CIPFA website until 28 September.</p>
The NAO's role in local audit July 2015	<p>The National Audit Office (NAO) has responsibilities within the framework for the audit of local public bodies. This leaflet provides information on their role, examples of recent value-for-money work focused on local services, 2015-16 work in progress and contact details.</p>
Threat Assessment: Public Finance Risk Management Round Table 19 August 2015	<p>Public Finance recently assembled a group of senior public finance professionals to discuss the risks they face in today's tough economic climate. The roundtable, staged in association with insurance broker Arthur J Gallagher (AJG), examined the consequences of funding reductions, service revision, outsourcing and digitisation – as well as ways to alleviate the attendant threats.</p>
Protecting the English Public Purse 2015	<p>The European Institute for Combating Corruption and Fraud has published a report on fighting fraud against English Councils. Surrey County Council's Internal Audit team contributed to the survey which informed this report.</p>

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 29 July 2015, the Cabinet considered the following reports:</p> <ul style="list-style-type: none"> • Finance and Budget Monitoring Report for June 2015 • Refresh of 2015-20 Medium Term Financial Plan • Leadership Risk Register • Annual Report of the Shareholder Board
Surrey Pension Fund Committee	<p>At its meeting on 23 July 2015 the Surrey Pension Fund Committee considered the following reports:</p> <ul style="list-style-type: none"> • Chancellor's Budget: Update • Appointment Processes – Multi Asset Credit Managers
Surrey Local Pension Board	<p>Held its first meeting on 27 July 2015.</p>

Resident Experience Board	At its meeting on 21 July 2015 , the Resident Experience Board considered the following reports: <ul style="list-style-type: none"> • Regulation of Investigatory Powers Act 2000 (RIPA) 2014/15
Social Care Services Board	At its meeting on 9 July 2015 , the Social Care Services Board considered the following reports: <ul style="list-style-type: none"> • Deprivation of Liberty Safeguards (DOLS) • Adult Social Care Debt • Children’s Safeguarding Quality Assurance (QA) Process

Upcoming

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

- External Audit: Performance Outcome
- Leadership Risk Register
- Completed Internal Audit Reports
- Absence Management: MAP Progress
- Property Asset Management System: Update
- Council Complaints
- Statutory Responsibilities Network

Training on Treasury Management will begin at 2pm.

Committee Contacts

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Audit & Governance Committee
28 September 2015

2014/15 Annual Audit Letter

Purpose of the report:

This report summarises the key messages as detailed in the Grant Thornton Audit Findings Report that was presented to the Audit and Governance Committee on 27 July 2015.

Recommendations:

It is recommended that the Committee considers the contents of the report.

Introduction:

1. The Annual Audit Letter details:
 - the key messages arising from the external audit of the Council's 2014/15 financial statements
 - the key findings from Grant Thornton's work undertaken to reach a conclusion on the economy, efficiency and effectiveness in the Council's use of resources (the value for money conclusion)
 - the recommendations referred to in Grant Thornton's Audit Findings Report.

2014/15 financial statements audit

2. The report confirms that in respect of the audit of the Surrey County Council 2014/15 financial statements:
 - the Council produced draft financial statements and working papers to a good standard , bringing forward the timetable for working paper preparation
 - the Council successfully prepared group accounts for the first time in respect of S. E. Business Services Limited and Surrey Choices Limited

- the timeliness of response to audit queries could be improved. This will be important in enabling the Council to close down its accounts more efficiently ahead of the statutory deadline for audited accounts moving forward in 2017/18.

2014/15 value for money conclusion

3. The report confirms that in respect of the 2014/15 value for money conclusion:
 - Grant Thornton issued a VfM conclusion for 2014/15 which was qualified on an 'except for' basis in respect of one matter. This a consequence of an Ofsted inspection that took place in October and November 2014 at the Council's request and concluded that children's services were inadequate. Immediately following the inspection the Council established an Improvement Board to action Ofsted's recommendations. This led us to issue a value for money conclusion which was qualified on an 'except for' basis in respect of this one matter. This was based on the outcome of Ofsted's inspection and not on any further inspection work performed by Grant Thornton in respect of children's services. External audit did not identify any weaknesses in other arrangements.

Recommendations

4. The report reiterates the recommendations made in Grant Thornton's Audit Findings Report, namely that the Council should:
 - Obtain legal advice to ensure that the approach taken to the de-recognition of schools and the use of the statutory override is appropriate
 - Ensure the accounts fully disclose all key judgements made in applying its accounting policies and the rationale for determining them
 - Undertake a review of the 2014/15 closedown and identify areas where the timeliness of response to audit queries can be improved
 - Build on the lessons learned from previous successful efficiency programmes to address the increasing financial challenges it faces.

Conclusions:

Financial and value for money implications

None.

Equalities and Diversity Implications

None.

Risk Management Implications

None.

Next steps:

None

Report contact: Thomas Ball, Manager, Grant Thornton

Contact details: Thomas.Ball@uk.gt.com

Sources/background papers: None.

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This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report.

The Annual Audit Letter for Surrey County Council

Year ended 31 March 2015

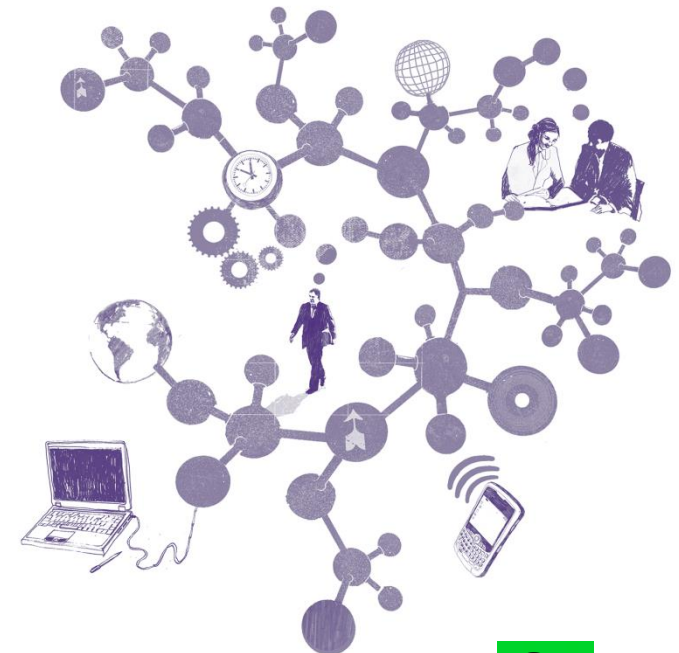
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Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Surrey County Council ('the Council') for the year ended 31 March 2015.

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued on 9 April 2015 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission and Public Sector Audit Appointments Limited.

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<p>Financial statements audit (including audit opinion)</p>	<p>We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 27 July 2015 to the Audit and Governance Committee. The key messages reported were that:</p> <ul style="list-style-type: none"> • the Council produced draft financial statements and working papers to a good standard , bringing forward the timetable for working paper preparation • the Council successfully prepared group accounts for the first time in respect of S. E. Business Services Limited and Surrey Choices Limited • the timeliness of response to audit queries could be improved. This will be important in enabling the Council to close down its accounts more efficiently ahead of the statutory deadline for audited accounts moving forward in 2017/18 <p>We issued an unqualified opinion on the Council's 2014/15 financial statements on 30 July 2015, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the financial statements give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council.</p>
<p>Value for Money (VfM) conclusion</p>	<p>We issued a VfM conclusion for 2014/15 on 30 July 2015. We found that the Council continues to have good arrangements in place in respect of VfM with a strong track record in strategic financial planning, financial governance and prioritisation of resources. The Council has been proactive in responding to external developments such as the Better Care Fund and is showing a strong commitment to innovative ways of working including for example the development of the Orbis partnership with East Sussex.</p> <p>In determining our conclusion on the Council's arrangements for challenging economy, efficiency and effectiveness, we had regard to Ofsted's findings from its new style multi-agency inspection of services for children in need of help and protection, children looked after and care leavers. The inspection took place in October and November 2014 at the Council's request and concluded that children's services were inadequate. Immediately following the inspection the Council established an Improvement Board to action Ofsted's recommendations. We reported on this matter on an 'except for' basis as part of our Value for Money conclusion. We did not identify any weaknesses in other arrangements.</p>

Key messages continued

<p>Whole of Government Accounts</p>	<p>We have reviewed the consolidation pack which the Council prepared to support the production of Whole of Government Accounts and our work in this area is substantially complete. As at the date of our Audit Findings Report, this review was not complete and it is currently being finalised. We will update Audit and Governance Committee members with the outcome of this work.</p>
<p>Audit fee</p>	<p>Our core audit fee for 2014/15 was £189,464, excluding VAT, which was in line with our planned fee for the year and represented a freeze from the previous year. Further detail is included within appendix B.</p>

Appendix A: Key issues and recommendations

This appendix summarised the significant recommendations identified during the 2014/15 audit.

No.	Recommendation	Priority	Management response/ responsible office/ due date
1.	Obtain legal advice to ensure that the approach taken to the de-recognition of schools and the use of the statutory override is appropriate.	High	This issue represents a significant financial risk to the council in future years. The council will seek legal advice on the appropriateness of the statutory override. Responsible office: Deputy Chief Finance Officer Due date: December 2015
2.	Ensure the accounts fully disclose all key judgements made in applying its accounting policies and the rationale for determining them.	Medium	Managers concur that the accounts fully disclose all judgements, and their rationale. Responsible office: Principal Accountant – Financial Accounting Due date: May 2016
3.	Undertake a review of the 2014/15 closedown and identify areas where the timeliness of response to audit queries can be improved.	Medium	The Closing Working Group will develop plans to more effectively communicate the importance of the timeliness of response to audit queries. Responsible office: Principal Accountant – Financial Accounting Due date: May 2016
4.	Build on the lessons learned from previous successful efficiency programmes to address the increasing financial challenges it faces.	Medium	Officers will develop further service transformational strategies necessary for the council to meet its financial challenges and prepare a draft Medium Term Financial Plan 2016 to 2021 for the Cabinet meeting in November 2015. Responsible office: Director of Finance Due date: November 2015

Appendix B: Reports issued and fees

We confirm below the fees charged for the audit and non-audit services.

Fees for audit services

	Per Audit plan £	Actual fees £
Council audit	189,464	189,464
S. E. Business Services Limited*	15,000	15,000
Surrey Choices Limited*	9,000	9,000
Total audit fees	213,464	213,464

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* S. E. Business Services Limited and Surrey Choices Limited: Work still in progress. Completion due in late 2015.

Reports issued

Report	Date issued
Audit Plan	9 April 2015
Audit Findings Report	27 July 2015
Annual Audit Letter	28 September 2015



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Audit & Governance Committee
28 September 2015

2014/15 External Audit Performance Report

Purpose of the report:

This report provides the Audit & Governance Committee with details of Grant Thornton's performance during the last 12 months against the Key Performance Indicators (KPIs) previously agreed with the Council.

Recommendations:

It is recommended that the Committee considers the contents of the report.

Introduction:

1. The report details Grant Thornton's performance against seven agreed indicators covering the following areas:
 - response time
 - achievement of planned input
 - reporting arrangements
 - quality assurance.

Performance against Key Performance Indicators

2. The report confirms that Grant Thornton has met all KPI targets as agreed with the Council in late 2014.

Conclusions:

Financial and value for money implications

None.

Equalities and Diversity Implications

None.

Risk Management Implications

None.

Next steps:

The Committee should consider the process for agreeing KPIs for the next 12 months and which indicators would be especially useful, including any new ones.

Report contact: Thomas Ball, Manager, Grant Thornton

Contact details: Thomas.Ball@uk.gt.com

Sources/background papers: None.

This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report.

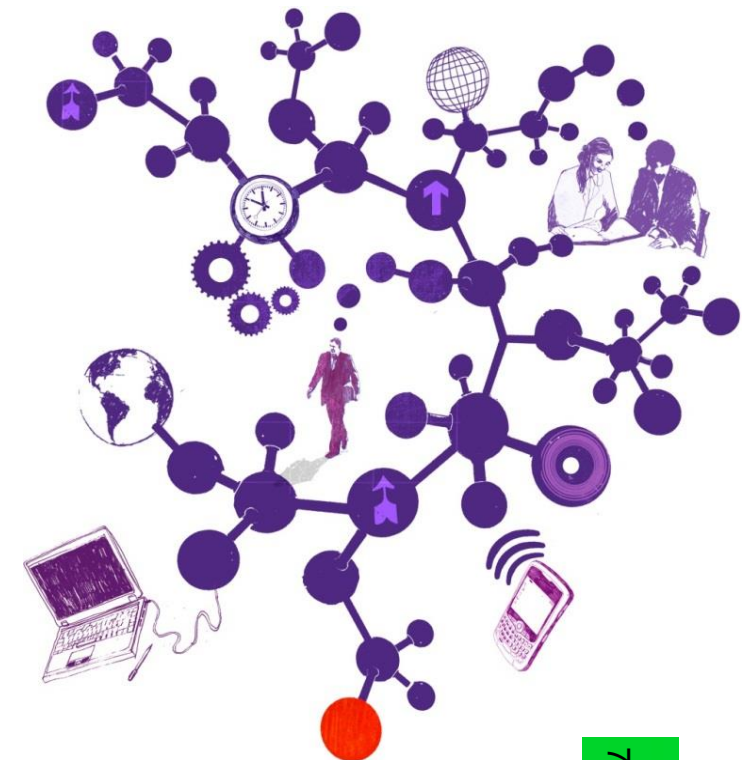
2014/15 Performance Management Framework - Surrey County Council

September 2015

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Performance management framework

Performance against Key Performance Indicators (KPIs)

We set out below performance against our KPIs. The indicators below were agreed with the Audit Committee in December 2014. The actual performance is based on our self assessment and has been agreed with the Director of Finance. We welcome any comments on the assessment below as well as on potential changes to indicators for 2015/16.

Area	Proposed service level and indicator	Target	Actual Performance – Assessment at September 2015
Response time	<ul style="list-style-type: none"> We will provide an initial response to all major enquires or requests for assistance within 5 working days, with full responses within 15 working days 	100%	100% We supported the Council in managing effectively a number of issues during the year, such as changes in schools accounting
Achievement of planned input	<ul style="list-style-type: none"> The total approved audit fee will not be exceeded, except by prior approval by the Director of Finance 	100%	100% The 2014-15 audit was completed to budget and in accordance with the planned timescales. A variation of £2,000 was agreed to the fee for the Pension Fund with the Director of Finance.
Reporting arrangements	<ul style="list-style-type: none"> We will ensure that reports are made available to Audit and Governance Committee members 7 working days before the Audit and Governance Committee meeting 	100%	100% We met all required timescales for submitting papers to the Committee
	<ul style="list-style-type: none"> We will provide a final list of any proposed amendments to the financial statements 7 working days before the relevant Audit and Governance Committee meeting 	100%	100% Proposed amendments to the financial statements were provided to the Committee in accordance with the relevant deadlines
	<ul style="list-style-type: none"> We will report progress against recommendations previously raised to each Audit and Governance Committee, and by exception, the effectiveness of any remedial action taken 	100%	100% Where relevant, all recommendations raised have been incorporated into the recommendations tracker standing item at each Committee meeting. We will report on progress against recommendations in our 2014/15 Audit Findings Report throughout 2015/16 as appropriate

Performance management framework (continued)

Area	Proposed service level and indicator	Target	Actual
Quality assurance	<ul style="list-style-type: none"> We will report to the Audit and Governance Committee the results of any internal or external quality reviews of Grant Thornton 	100%	100% Our work at Surrey has not been subject to any internal or external quality reviews in the last year. We will notify you if and when our audit files are selected for review. We have included in our progress reports summaries of any relevant firm wide reviews.
	<ul style="list-style-type: none"> Client satisfaction score (people indicating how satisfied they are with their audit service on a scale of 0 – 10 where 10 is very satisfied) 	9 or above	To be confirmed A client satisfaction meeting arranged by our client services team with Director of Finance for October 2015.





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Audit & Governance Committee
28 September 2015

Annual Complaints Performance Report

Purpose of the report:

The purpose of this report is to give the Audit & Governance Committee an overview of the council's performance in relation to complaint handling in 2014/15 and how feedback from customers has been used to improve services.

Recommendations:

It is recommended that the Audit & Governance Committee note the council's performance in relation to complaint handling in 2014/15 and how feedback from customers has been used to improve services.

Introduction:

1. The Council recognises that effective complaint handling is a critical component of delivering good customer service. As well as putting things right for the customer every complaint presents a potential opportunity to learn and improve.
2. Where fault is found Corrective Action Plans are put in place to improve the service and resolve the complaint for the customer. Specific examples are highlighted later in this report.
3. Even if a complaint is not upheld, there is always the opportunity to learn about why the customer has complained, and a need to understand their motives and feelings.

Complaint categories and performance in 2014/15:

4. Every complaint is assigned one or more categories which describe the nature of the complaint. Complaints by Directorate and the assigned categories are shown in Figure 1 below.

Figure 1: Complaints by service and categories in 2014/15

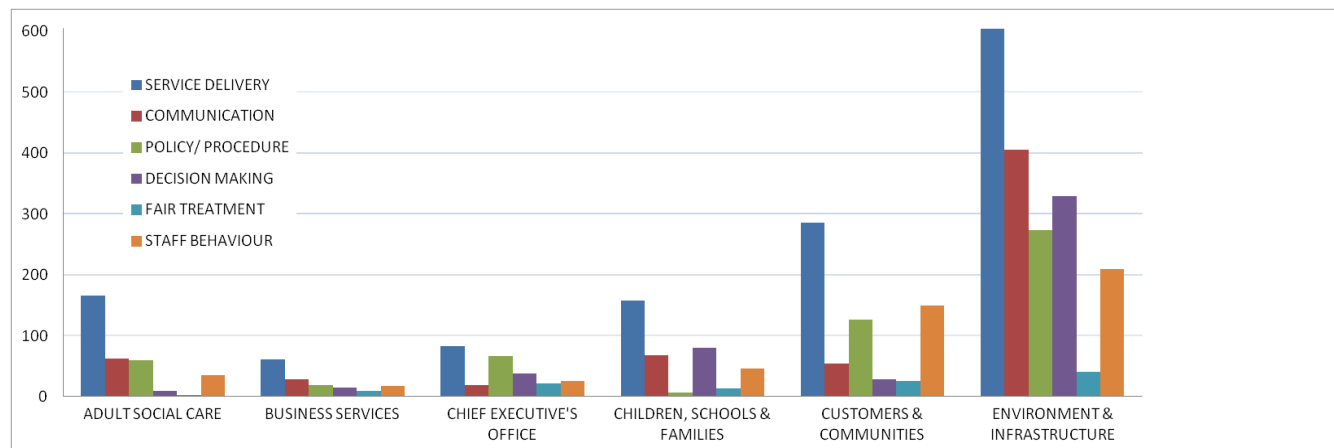


Table 1: Complaint categories in 2014/15

Directorate	Service Delivery	Communication	Policy/Procedure	Decision Making	Fair Treatment	Staff Behaviour
Adult Social Care	166	63	60	9	2	35
Business Services	61	29	19	15	9	17
Chief Executive Office	83	19	67	38	21	26
Children's, Schools and Families	158	68	7	80	13	46
Customers and Communities	286	55	127	29	26	150
Environment and Infrastructure	605	406	274	330	41	210
All	1359	640	554	501	112	484

Table 2: Complaint handling performance in 2013/14 and 2014/15

Area	Response target	2013/14		2014/15	
		Complaints received	Performance against response target	Complaints received	Performance against response target
Business Services	90% within 10 working days	28	86%	30	97%
Chief Executives		47	72%	138	87%
Customer & Communities		181	95%	72	92%
Environment & Infrastructure		625	91%	726	94%
Adult Social Care	90% in 20 working days	179	96%	194	92%
Schools & Learning and Services for Young People	80% in 10 working days (extendable to 20 if necessary)	80	77% (within 10 working days) 92% (within 20 working days)	51	61% (within 10 working days) 86% (within 20 working days)
Children's Social Care	80% in 10 working days (extendable to 20 if necessary)	346	55% (within 10 working days) 77% (within 20 working days)	321	53% (within 10 working days) 78% (within 20 working days)
Total / weighted average		1,486	88%	1,532	89%

Complaint trends

5. Overall the number of complaints has risen this year. The rise in the number of complaints in the Chief Executive's Office and decline in the number for Customers & Communities is a result of the move of Cultural Services (including Adult Community Learning, Library Service, Registration Service, Surrey Arts, Surrey Coroner and Surrey Heritage) into Chief Executive's Office in August 2014.
6. There has been a fall in complaints for Children's Services. This slight decrease may be indicative of improved resolution at an informal stage of the process and/or improved recognition by operational teams of alternate routes for responding to concerns. The Rights and Participation Service consider this further in their annual report and will continue to monitor recording levels to determine if there are any specific causes or trends that can clarify the lower recording levels.

Although there is a decrease in the number of complaints for Schools & Learning and Services to Young People from last year, the number of complaints recorded over the past 4 years has generally remained the same. Schools and Learning have other routes that parents are expected to take for resolution of certain types of dispute; such as Special Educational Needs (SEN) tribunals and School Transport appeals panels.

Performance

7. Despite the increase in volume of complaints, response performance for most Services remains above target. Of particular note is Environment and Infrastructure, which has seen an increase in complaints received (625 – 726), while achieving 93% of responses within target. Business Services has also improved their performance from 86% to 97% of complaints being responded to within the target. The complexities of complaints in Children's Services continue to impact on their ability to respond within the statutory timescales, although the average time to respond at Stage 1 was 14 days.
8. Where the council is at fault, compensation can be paid if deemed appropriate. All compensation awards are approved by the relevant Head of Service, and if greater than £1,000, in consultation with the portfolio holder. In 2014/15, the Council paid £33,032 compensation, compared to £43,039 in 2013/14. The 3 largest payments were for the following: £11,046.72 and £8,454 for payment equivalent to a foster carer's allowance; and £6,500 for failures in case management and care coordination.

Complaint escalation

9. We aim to resolve complaints satisfactorily at the earliest opportunity however customers who remain dissatisfied can escalate their complaint. Table 3 (overleaf) shows the number of complaints escalating through all stages and where fault was identified by the Local Government Ombudsman (LGO).

Table 3: Complaint escalation in 2014/15

Area	Complaints received at stage 1	Complaints escalated to:			Complaints escalated to LGO in 2012/13 (<i>fault found</i>)
		Stage 2	Stage 3	LGO (<i>fault found</i>)	
Business Services	30	4	N/A	3 (0)	3 (0)
Chief Executives	138	6		2 (0)	1 (0)
Customer & Communities	72	7		0 (N/A)	3 (0)
Environment & Infrastructure	726	116		16 (1)	18 (1)
Adults Social Care	194	N/A		28 (12)	12 (2)
Schools and Learning	51	11		16 (4)	10 (0)
Children's Social Care	321	38		0	21 (2)
Total	1,532	182	0	86 (19)	68 (5)

10. There has been a significant decline in proportion of complaints escalating for Environment & Infrastructure (23% in 2013/14 compared to 16% in 2014/15), reflecting the work Surrey Highways have been undertaking through the Customer Service Excellence programme and in quality checking their stage 1 complaint responses.
11. Adult Social Care (ASC) has seen an increase in the number of complaints being considered by the LGO compared to the previous 2 years, and subsequently the number being upheld. ASC Customer Relations team is currently monitoring the activity with the Ombudsman office to see if this is a continuing trend and what the learning is for the Department from the Ombudsman upholding these complaints.

Learning from complaints

12. Every complaint presents an opportunity to put things right for the complainant and also learn and improve. An individual complaint may result in corrective action being identified that is specific to that complaint, or a number of complaints about the same service may identify a need to review a process or the information provided to customers.
13. Specific examples of learning identified through complaints are listed below:
 - a) A review of guidance regarding continuing fostering placements, where the fostering team has concerns about potential risk to either the looked after child or other children present in the home, will lead to improved safeguarding and monitoring.

b) A recommendation for assessments to clearly distinguish between social care professional opinion and comments received from third parties will lead to improved communication with, and understanding by, families involved with Children's Services.

c) A recommendation to review procedures will enable the council to bring forward an annual Special Education Needs review when a parent raises concerns about the provision ensuring any changing needs of the child are met an earlier stage.

d) A complaint about multi-disciplinary care for a resident, including home care delivered by a care agency on behalf of Surrey and district nursing provided through the NHS has led to a review of the communication strategies between the various agencies. This will seek to improve handover procedures and record management.

e) A complaint about funding care for a resident's elderly mother led to a review of the assessment process and access to public funding.

f) Recommendations regarding output, timeliness and quality of communications to the public have contributed to the work now ongoing in Surrey Highways to improve communications to customers around highways maintenance and improvement works. Learning from specific complaints is being directed to the new project team. This will assist in identifying the improvements necessary to reduce the number of enquires and complaints being made due to the provision of incorrect or substandard information.

g) A recommendation to the Blue Badge Team for de-registering all badges returned to the team will prevent reminders being inadvertently sent out to customers who are deceased.

h) A complaint about overhanging vegetation around streetlights resulted in an improved process between Skanska and Surrey Highways which addresses how reports of overhanging vegetation are managed and resolved.

Conclusions:

14. What are we doing well?

- a) Ongoing work with services across the council has improved the quality of responses and increased the resolution of complaints at the earliest stage.
- b) Improved the identification and recording of learning and corrective actions arising from complaints at all stages of the process, and subsequent monitoring to ensure actions are implemented within agreed timescales.

- c) Despite the increase in volume of complaints, response performance for most Services remains above target. Adult Social Care exceeded their target for 90% of complaint responses within timescale, with 92% this year. Environment and Infrastructure achieved a 93% response rate despite 16% increase in complaints.
- d) Adults Customer Relations team have developed a robust training strategy to support staff through the complaints process which has led to an increased confidence and knowledge in responding to complaints.
- e) A recent independent assessment (Customer Service Excellence) identified the council's approach to dealing with customer complaints to be an area of compliance plus. Of particular note was:
 - Establishment of a dedicated team to provide assistance and guidance to services when dealing with complaints as well as dealing with all complaints that reach stage 2
 - The service and council's culture of dealing with complaints as an opportunity of improvement
 - Logging of comments and compliments on the system
- f) Proactive work with Surrey Highways building on learning from experience of complaints to improve communications with customers around road maintenance schemes.
- g) The implementation of the new Customer Promise has led to a greater awareness and commitment to delivering excellent customer service. This in turn has led to a higher demand for support in complaint handling.

15. What do we need to work on?

- a) We are continuing to develop our training packages to support the Customer Promise, and on complaint handling for delivery to services and contractors.
- b) Continue to work with services to promote the value of complaints internally, improve early resolution for customers and embed learning within the services. We are focussing this year on revitalising the Complaints Lead network to build on working relationships with the services and drive customer service improvement.
- c) Continue to review our systems and procedures to make it easier to leave feedback and make a complaint.
- d) Adults Customer Relations team will monitor the complaints escalating to the Local Government Ombudsman and the outcomes of their investigations.

- e) Adults Customer Relations team is working with Association of Directors of Adults Social Care (ADASS) and the Department of Health on possible reform under the Care Act 2014. This may include a new system for appeals regarding care decisions or revisions to the complaints procedure itself.
- f) Children's Rights Service will be working closely with staff to increase the number of children and young people enabled to speak up for themselves whether in the context of formal complaints or information resolution of problems.
- g) Continue to work collaboratively across Adults Customer Relations, Corporate Customer Relations and Children's Rights Service to improve the collection, analysis and reporting of complaint information.

Financial and value for money implications

- 18. Payment of compensation, as outlined in paragraph 10 of this report, is a financial implication of complaint handling. Responding to complaints quickly and getting issues resolved early ensures complaints do not escalate unnecessarily through the process.

Equalities and Diversity Implications

- 19. Ensuring we maintain good complaint handling processes enables our service to remain accessible to all.

Risk Management Implications

The complaints process does not have any direct risk management implications; however complaints do carry a risk to the council's reputation if not handled appropriately.

Next steps:

- 20. The Audit & Governance Committee to receive information on operation of the council's complaints procedures on an annual basis.

Report contact: Jo Diggins, Corporate Customer Relations Manager

Contact details: 0208 541 8917

Sources/background papers:

- SCC complaints database, Adult Social Care Customer Relations team, Children's Rights Service.

Audit & Governance Committee
28 September 2015

Absence Management

SUMMARY AND PURPOSE:

The purpose of this report is to provide an update for Members on progress in implementing the Internal Audit recommendations made following a review of Absence Management conducted in February 2015.

RECOMMENDATIONS:

The Committee is asked to note the findings of the recent follow-up Internal Audit review of Absence Management as set out in this report and annex.

BACKGROUND:

- 1 The Completed Audit Reports item presented to Audit and Governance Committee on 9th April 2015 included details of an Internal Audit review of Absence Management which attracted an audit opinion of Some Improvement Needed.
- 2 At the meeting the Chairman requested that a progress report be brought to this Committee in due course because of general public concern about sickness absence in the public sector. Members asked that this report should also include information on absence rates in different departments.

ABSENCE MANAGEMENT FOLLOW-UP AUDIT:

- 3 The full Internal Audit report and associated agreed Management Action Plan are attached at Annex A.
- 4 In summary the auditor concludes that since the last Internal Audit review HR Management has taken positive action to address previous audit recommendations and encourage proactive absence management across all service areas. Workforce reports suggest the twelve month rolling average days lost per full time equivalent (FTE) has reduced from 6.76 in July 2014 to 5.99 in July 2015 with all areas of the organisation showing some degree of reduction as shown in the table below:

Sickness Absence Days Lost Per FTE	July 2014	July 2015
Adult Social Care	8.27	8.26
Business Services	4.67	4.49
Customers & Communities	9.82	7.83
Chief Executive's Office	4.38	2.80
Children's Schools and Families	6.11	5.90
Environment & Infrastructure	3.99	3.24
SCC wide	6.76	5.99

5 The top three reasons for sickness absence across the council were identified as:

Joints	(18.9%)
Stress	(17.2%)
Flu/Cold	(10.2%)

More detailed information on reasons for sickness absence can be found at Annex B.

6 The audit review highlighted some issues regarding data integrity which have resulted in both over and under statement of absence in some areas. While these issues do not materially affect the high level figures reported, they should be addressed to ensure accuracy of management information at service level. The auditor included one High Priority Internal Audit recommendation aimed at correcting the data integrity issue identified, and the overall audit opinion was **Some Improvement Needed**.

IMPLICATIONS:

- 7 Financial Equalities
Risk management and value for money
- 8 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:

- 9 See Recommendations above.

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

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SURREY COUNTY COUNCIL

INTERNAL AUDIT REPORT

Follow-Up Audit of Absence Management
2015/16

Prepared for: Carmel Millar, Director of People and Development

Prepared by: John Edwards, Lead Auditor

Sue Lewry-Jones
Chief Internal Auditor
Chief Executive's Office
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SEPTEMBER 2015

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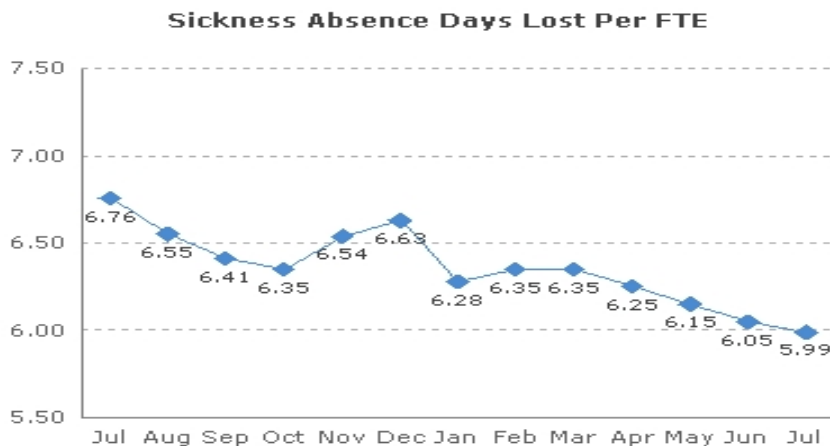
Glossary:	SCC - Surrey County Council
	FTE - Full-Time Employee
	WR - Workforce Report

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.

1. INTRODUCTION

- 1.1 The latest Surrey County Council (SCC) Workforce Report (WR) dated July 2015 and published on the S-Net portal, includes a graph which shows the twelve month rolling average figure for sickness absence days lost per full-time employee (FTE) excluding schools. Graphs for each Directorate can be found at Annex A1.



- 1.2 The graph shows a downward trend, indicating that the twelve month rolling average days lost per FTE has reduced from 6.76 in July 2014 to 5.99 in July 2015. A supporting schedule to the report states the number of days lost through sickness in the twelve months up to 31 July 2015 as 70,131 with a cost of £6.513m.
- 1.3 An Internal Audit report on Absence Management was published in February 2015. The report highlighted a number of anomalies with the accuracy of sickness absence data and made a number of recommendations aimed at improving absence management. The recommendations covered better use of management information, increased monitoring by line managers actively supported by the HR team, and improved training.
- 1.4 This follow-up review of Absence Management was specifically requested by the Audit & Governance Committee. The review was carried out in line with the Terms of Reference included at Annex A2. This report sets out the findings of the review and an agreed Management Action Plan in response to the audit recommendations can be found at Annex B.

2. WORK UNDERTAKEN

- 2.1 The auditor held discussions with members of the HR Management team to ascertain what progress had been made towards implementing the points raised in the Management Action Plan arising from the February 2015 audit. The discussions covered recent initiatives taken by HR management to promote more proactive absence management, to provide more useful management reports, and to train managers in use of the absence monitoring dashboard.
- 2.2 Line management's use of the absence dashboard was analysed to consider whether there was evidence of more frequent monitoring since the previous audit.
- 2.3 Absence reason codes were analysed, particularly to assess whether the use of the Z1 "awaiting management decision" code had been barred, as recommended previously.
- 2.4 Sickness absence data for twelve months (August 2014 to August 2015) was obtained from the WR. A staff listing was also obtained and cross-referenced to the sickness data. From this, teams for which no sickness absence had been reported were identified. Such teams were contacted and because initial responses indicated that

some sickness was being recorded on SAP but not reported, sickness data for the same period was obtained directly from SAP and compared to the WR data.

- 2.5 Sickness data was analysed in detail to identify potential data integrity issues.

3. OVERALL AUDIT OPINION AND RECOMMENDATIONS SUMMARY

- 3.1 The overall opinion following this audit is **Some Improvement Needed**.
- 3.2 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.
- 3.3 **Recommendations analysis:** There is one high priority recommendation, one medium priority recommendation and one low priority recommendation arising from this review. Details are summarised in the table below:

Rating	Definition	No.	Para. ref.
High	Major control weakness requiring immediate implementation of recommendation	1	5.11
Medium	Existing procedures have a negative impact on internal control or the efficient use of resources.	1	5.12
Low	Recommendation represents good practice but its implementation is not fundamental to internal control.	1	5.13
Total number of audit recommendations		3	

4. MANAGEMENT SUMMARY

- 4.1 Since the publication of the original audit report in February 2015, HR Management has taken positive action to encourage more proactive absence management across all service areas. The auditor expects the initiatives to improve the effectiveness of absence management and the accuracy of data used for reporting purposes. Given that HR Management's efforts are still "work in progress", it is too early to see widespread improvement but there are some positive indicators. For example, management use of the absence dashboard has increased and use of the Z1 reason code ("awaiting management recording") has recently been eliminated.
- 4.2 The risk of staff failing to record absence is recognised by HR Management and a new suite of management reports has been commissioned to identify exceptions and help mitigate this risk. Audit tests identified two organisational units with zero absence rates whose managers admitted to not recording sickness correctly.
- 4.3 Testing also revealed that some genuine absence data input to SAP is failing validation controls and is therefore not feeding through to the Absence Dashboard or the WRs. This has affected three percent of staff in the past twelve months. Action is required to find a means ensuring that genuine absence data is captured and processed through to the WRs.
- 4.4 Some long term absences which pre-date or post-date the twelve month rolling period, are included in the average absence data. This impacts on the average absence day figure but has been approved by HR management to allow managers better visibility of individual long term absence.
- 4.5 In view of the findings of the Internal Audit review, which are set out in more detail in section 5 below, the audit opinion is: **Some Improvement Needed**.

5. FINDINGS AND RECOMMENDATIONS

5.1 Accuracy of Workforce Report Sickness Data

Findings

- 5.2 According to information provided by the Organisational Information team, there were (as at 12 August 2015) 9,546 staff employed by SCC. Additionally there were 2,396 bank staff available to work on an hourly-rated call-off basis.
- 5.3 The data populating the WRs indicated that 5,416 permanent staff (56.7%) had some sickness absence in the previous twelve months. The reported data excludes leavers' data and has done so since August 2013. It is questionable whether the SCC workforce is likely to have over 43% of staff with no sickness absence for twelve months, however the auditor is satisfied that current initiatives by HR Management will lead to any disproportionately high or low absence rates to be challenged and investigated. HR Management is also exploring the possibility of employing a "First Day Absence" company who staff would call when reporting sick. Sickness data would be input directly to a database and could potentially give more assurance that all absence data is captured.
- 5.4 The total number of absence days reported on the WR (excluding bank staff) was 69,640. Using the data provided, the auditor prepared a list of organisational units that had not reported any sickness absence in the past twelve months. Results, in order of work days available in the period, were as follows:

Organizational Unit	Days Available	Manager Comment
CSF Operations Team	3,868	Lack of resource
BUS Pensions Administration Team	3,000	Pending input to SAP
CC Community Partnership Team East	2,400	Data incorrect
CC Community Partnership Team West	2,176	Data incorrect
CSF Social Care Admin - West 1	1,696	Data incorrect
CSF Social Care Admin - West 2	1,399	Data incorrect
CC Business Support Team 1a	1,350	Data incorrect
CSF CYW - Reigate & Banstead	1,125	Process misunderstood

- 5.5 The auditor discussed the data with the managers of the units listed above. Two managers (both of whom worked in the Services for Young People) admitted that sickness data had not been recorded correctly. However another manager produced evidence that sickness had been input to SAP but not included on the WR. The auditor therefore obtained information from SAP to ascertain the extent of data input that had not been reported.
- 5.6 Evidence indicated that in the twelve month period up to mid-August 2015, sickness absence data affecting 294 out of 9,546 staff (3.1%) had been input to SAP but not processed through to the WRs. Further investigation indicated that SAP had not recognised these inputs as they had failed data validation controls, for example where sickness was recorded on a day which was not scheduled to be a work day. Consequently the data was not processed further and did not appear on the WRs.
- 5.7 The comparison of data also highlighted that for certain individuals, reported sickness absence data was higher in the WRs than in SAP. This was because periods of current long term sickness which started before the twelve month rolling period were included in the WR day count. So for example, one member of staff had 546 reported absence days because his entire absence period (01/04/13 to 31/05/15) was included in the WR count. The Organisational Information Team Leader commented that the inclusion of such data had been previously agreed by HR management to give managers better visibility of staff's long term sickness records.

Risks

- 5.8 Some genuine sickness absence data may not be reported because data input fails system validation controls.
- 5.9 The practice of including long-term absence days outside the rolling twelve month period may result in marginal overstatement of average absence days.
- 5.10 There may be a number of line managers, particularly in Services for Young People, who either do not understand the process for recording sickness data or claim that they do not have the necessary resources to manage sickness.

Recommendations

- 5.11 HR Management, in conjunction with IMT, should conduct a review of absence data which is input to SAP but which does not get processed through to the Business Warehouse or the Absence Dashboard and is therefore not reported in the WR. **(High)**
- 5.12 Confirmation is sought from senior HR management that sickness days from outside the twelve month period should continue to be included in the absence count. **(Medium)**
- 5.13 Whilst it is expected that HR's current initiatives will ultimately address all areas, priority should be given to advising managers in Services for Young People. **(Low)**

5.14 Basis of calculating Average Day Absence per FTE.Findings

- 5.15 The auditor requested the methodology and/or formula used to calculate the "average days absence figure" and was provided with a guidance note (BV12). The Organisational Information Team Leader and the IMT Business Intelligence Specialist were not able to demonstrate to the auditor how each month's figures had been calculated in the Business Warehouse database. The auditor was advised that the formula was built into the program code and it would take some time to extract detailed calculations. It was pointed out that the SAP formula was widely used by other organisations and that results had been previously tested and deemed acceptable by the HR Leadership Team.
- 5.16 In conclusion, the auditor was unable to verify the reported figures but accepts that the SAP program used to generate the results is likely to be reliable.

5.17 Progress on Implementation of Original Management Action PlanFindings

- 5.18 The HR management team has responded positively to recommendations made in the previous audit report and has gone further by introducing a number of extra initiatives. Details are summarised as follows:

Agreed Management Action	Progress
HR team will prompt managers via email regarding levels of sickness.	In April 2015, HR Advisors commenced a programme of quarterly meetings with all senior managers specifically to encourage more proactive use of the HR sickness dashboard. Email prompts will be scheduled after the first round of visits has been completed.

Managers will be prompted to check the dashboard when their team is in the “amber” or “red” in terms of absence. Senior managers will update their Heads of Service.	This aspect of control is covered in the programme of meetings mentioned above.
A discussion will take place at the leadership network regarding managers taking ownership of absence management.	A meeting attended by a range of senior managers was held on 9 February 2015. A presentation and discussion on absence management was included on the agenda.
Strategic HR Relationship managers will share the findings of the report to DLTs to ask them how they can take any agreed recommendations forward and what HR will be available for them.	Strategic HR Managers have discussed sickness absence with DLTs. One of the actions will be to revisit sickness absence targets for 2015.
HR Advisors will continue to support managers on accessing the dashboard at team meetings and to go over absence cases.	As mentioned above, HR Advisors have already started to visit many teams to promote more effective absence reporting and monitoring. Follow-up dashboard training is arranged where necessary.
HR coordinators will run regular reports and highlight with management teams areas of low reporting to gather insight into what they do and to share this information.	Four separate reports have been specified and prototypes have been produced by IMT. Production of these is pending Ops and IMT approval, but the HR team is confident that these will be approved.
HR will liaise with Shared Services to see if the Z1 option can be discontinued.	The Z1 option has not been discontinued to avoid loss of historic data but it has been re-titled “Do Not Use”. Recent data demonstrates that use of Z1 has been eliminated.
Discontinuation of Z1 data needs to be investigated further to consider the effect on previous data.	No longer applicable - see above.
Employee/Manager's induction training will cover sickness absence and use of the dashboard.	A video and user guide on how to use the absence dashboard has been prepared and will be incorporated into the new manager's e-learning package with effect from October 2015.
Links to be sent to new starters automatically for training on use of the portal and how to self serve and record sickness.	Links are not sent but details of how to log into the portal are covered in the Induction programme.
Continual Improvement Board to recommend suitable standard and drive performance around this.	The Continual Improvement Board has not recommended standards but is monitoring monthly results closely.

5.19 Line Management Use of the Absence Dashboard

Findings

5.20 User penetration reports provided by the Organisational Information Team indicated that use of the Absence Dashboard is on the increase.

	Sept – Nov'14	Dec'14 – Feb'15	Mar – May'15
No of visits	1110	1191	1685
No of Users	159	176	193

5.21 These positive indicators are evidence that the current drive to promote use of the absence dashboard is starting to take effect.

5.22 Analysis of Reason Codes

Findings

5.23 One of the recommendations made in the original audit report was the barring of the “awaiting management reason” code as this affected the ability to analyse reasons for staff sickness absence. In August 2015 the code was re-titled “Do Not Use” to force staff to record a valid reason code. Analysis of absence reason codes for the past twelve months confirm that the use of the Z1 code was almost eliminated in August 2015.

Month	Incidence of Z1
Sept 14	7.1%
Oct 14	6.4%
Nov 14	6.9%
Dec 14	7.0%
Jan 15	6.6%
Feb 15	7.1%
Mar 15	7.1%
Apr 15	7.8%
May 15	7.8%
Jun 15	8.2%
Jul 15	6.3%
Aug 15 (part-month)	0.6%

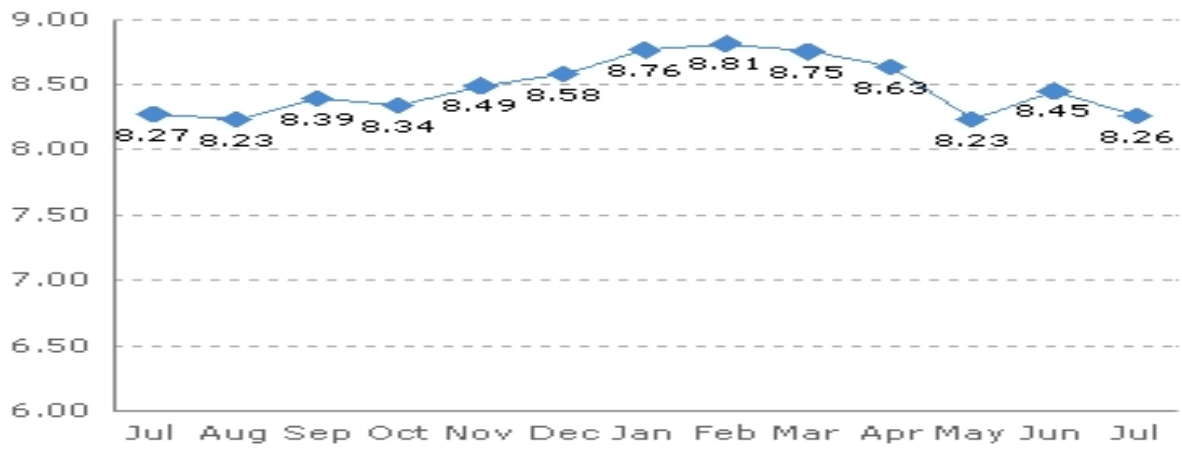
6. ACKNOWLEDGEMENT

6.1 The assistance and cooperation of all the officers involved in the completion of this audit is greatly appreciated.

Sickness Absence Days Lost per FTE by Directorate

Annex A1

ASC Sickness Absence Days Lost Per FTE



BUS Sickness Absence Days Lost Per FTE



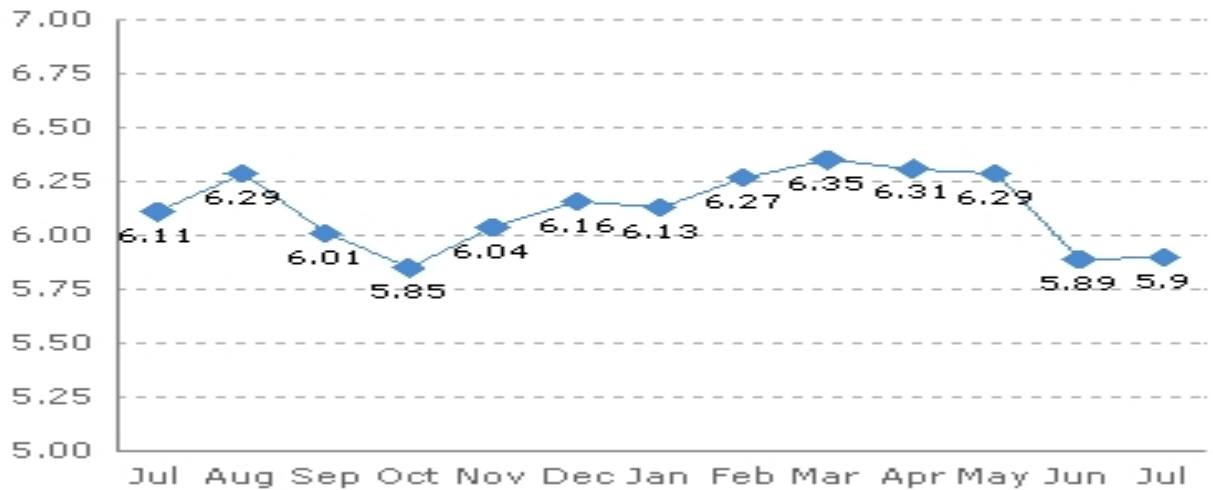
C&C Sickness Absence Days Lost Per FTE



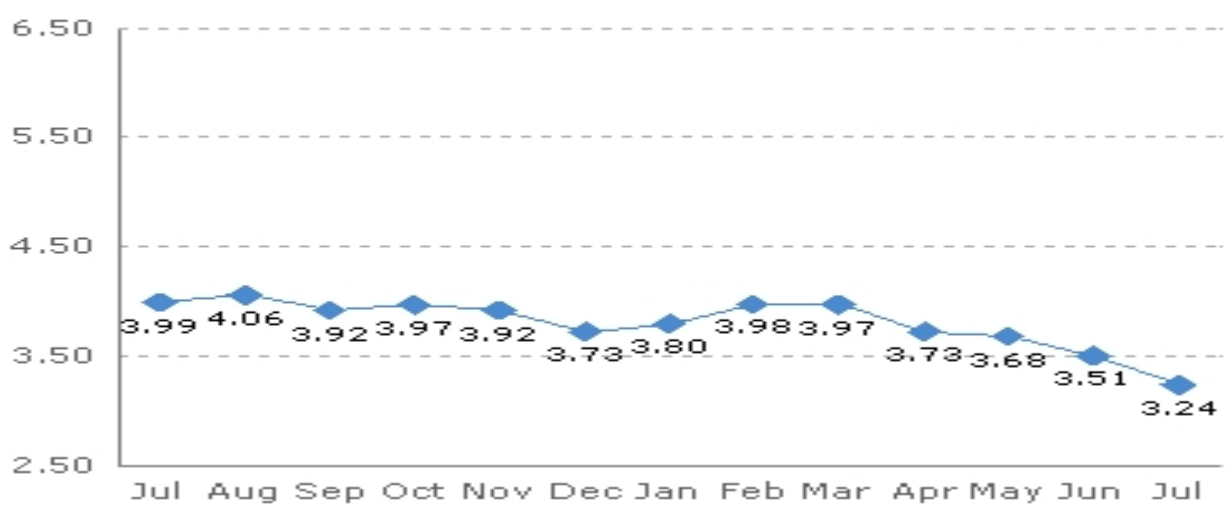
CEX Sickness Absence Days Lost Per FTE



CSF Sickness Absence Days Lost Per FTE



E&I Sickness Absence Days Lost Per FTE



TERMS OF REFERENCE

Follow-up Audit: Absence Management 2015/16

BACKGROUND

An Internal Audit report on Absence Management was published in February 2015. There was one high priority recommendation and two medium priority recommendations, all aimed at improving the accuracy of data relating to sickness absence.

Human Resources (HR) management agreed to implement a number of action points to encourage better recording and monitoring of sickness absence data. These included giving clearer instruction, training and guidance to managers, encouraging ownership of data and better use of the management dashboard, and enforcing more accurate coding of sickness absences.

The overall audit opinion for the audit was "Some Improvement Needed". In April 2015, the Audit & Governance Committee asked Internal Audit to provide a report on progress against the management action plan and to include information on absence rates in individual departments. This is due for presentation at the meeting scheduled for 28 September 2015.

The Surrey County Council (SCC) WR for June 2015 indicates that the average number of days lost through sickness per full-time employee was 6.05.

PURPOSE OF THE AUDIT

The purpose of this follow-up audit is to seek assurance that appropriate arrangements have been made to implement the agreed actions.

It will ascertain the extent of implementation of the three main recommendations previously reported to the Audit & Governance Committee.

An updated audit opinion will be given based on the findings of the follow-up review.

WORK TO BE UNDERTAKEN

This audit will involve:

- Ascertaining what actions the HR team have taken since the audit to prompt and encourage managers to take ownership for recording and monitoring sickness absences.
- Identifying what training has been arranged to help ensure that sickness absences are recorded and monitored correctly.
- Ascertaining whether HR management are reviewing sickness absence data to highlight potential data integrity issues to line management.
- Reviewing line management's use of the SAP management dashboard to consider whether the levels of monitoring have improved.

- Assessing whether there have been any noticeable improvements in data integrity and the reliability of reported absence statistics.
- Identifying the reported rates of sick leave by department, and making observations on their accuracy.

A detailed analysis of sickness absence data will be performed to identify any data integrity issues. An analysis of individual manager use of the SAP management dashboard will also be carried out. The period under review will be May and June 2015.

OUTCOMES

The findings of this follow-up audit will form a report to SCC management, with an overall audit opinion on the effectiveness of arrangements in place and recommendations for improvement if required. Subject to the availability of resources, and the agreement of the auditee, the audit will also seek to obtain an overview of arrangements in place for:

- Data quality and security;
- Equality and diversity;
- Value for Money; and
- Business continuity.

The outcome of any work undertaken will be used to inform our future audit planning processes and also contribute to an overall opinion on the adequacy of arrangements across the Council in these areas.

TIMESCALES

Audit fieldwork will commence in the week commencing 3 August 2015, and it is anticipated that the findings and any further recommendations arising from this review will be reported to the Audit and Governance Committee on 28 September 2015.

REPORTING ARRANGEMENTS

Auditor:	John Edwards, Lead Auditor
Supervisor:	Simon White, Audit Performance Manager
Reporting to:	Carmel Millar, Director of People and Development

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MANAGEMENT ACTION PLAN

Directorate:	Business Services
Audit report:	Absence Management Follow-Up
Dated:	28/08/2015

PRIORITY RATINGS

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

I agree to the actions below and accept overall accountability for their timely completion. I will inform Internal Audit if timescales are likely to be missed.

The auditor agrees that the actions set out below are satisfactory.

Lead Responsible Officer : Neil Bradley

Auditor: John Edwards

Date: 4 September 2015

Date: 4 September 2015

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Officer Responsible	Audit Agree?
5.11	<p>SAP data not processed through to WR</p> <p>HR Management, in conjunction with IMT, should conduct a review of absence data which is input to SAP but which does not get processed through to the Business Warehouse or the Absence Dashboard and is therefore not reported in the WR.</p> <p>Action should then be taken to identify the reasons why such data is not processed and solutions for ensuring that all genuine absence data is reported should be found.</p>	H	It is agreed that we should identify any root causes as to why data entered may not appear in reporting and eliminate such cases where practicable	Nov 2015	Neil Bradley	Y

MANAGEMENT ACTION PLAN

5.13	<p>Absence outside 12 month period</p> <p>Confirmation is sought from senior HR management that sickness days from outside the twelve month period should continue to be included in the absence count.</p>	M	<p>HR management have re-confirmed that this practice should continue for the reason set out in the report and to avoid unacceptable performance issues in the Business Warehouse</p>	N/A	Neil Bradley	Y
5.14	<p>Services for Young People</p> <p>Whilst it is expected that HR's current initiatives will ultimately address all areas, priority should be given to advising managers in Services for Young People.</p>	L	Agreed	Starting with immediate effect.	Rakhi Saigal	Y

**Table showing SCC Total Sickness Absence Days by Reason
(August 2014 to July 2015)**

And

Top 3 Reasons (by % for each Directorate)

Reason	SCC Absence Days by Reason	SCC %	ASC	BS	CEO	CSF	C&C	E&I
Joints	13,457	18.9%	19%		14%	19%	35%	
Stress	12,220	17.2%	21%	14%		19%		10%
Flu/Cold	7,214	10.2%		16%	19%			23%
Digestive	7,072	10.0%	11%		14%			11%
Nervous System	4,983	7.0%				9%		
Back	4,869	6.9%					12%	
Await Mgr Recording	3,857	5.4%		12%			20%	
Chest	3,792	5.3%						
Ear, Nose, Throat	2,975	4.2%						
Gynaecological	2,523	3.6%						
Heart	1,654	2.3%						
Blood	1,462	2.1%						
Kidneys or Urinary	1,090	1.5%						
EE Decline Reason	1,035	1.5%						
Pregnancy related	912	1.3%						
Skin	781	1.1%						
Eyes	779	1.1%						
Disability related	303	0.4%						
Pandemic	23	0.0%						
Not assigned	10	0.0%						
Industrial Injury	8	0.0%						
STOM.	1	0.0%						
Total Days Lost	71,021		20,636	6,220	4,526	31,345	6,447	1,848

Key

ASC – Adult Social Care

BS – Business Services

CEO – Chief Executive’s Office

CSF – Children’s Schools and Families

C&C – Customers and Communities

E&I – Environment and Infrastructure

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Audit & Governance Committee
28 September 2015

Property Asset Management System - Update

Purpose of the report:

The purpose of this report is to update the committee on progress with the joint Surrey CC and Hampshire CC implementation of the Manhattan Atrium Property Asset Management System (PAMS).

Recommendations:

The Committee is asked to:

- a) Note the conclusion of the joint implementation project with Hampshire County Council.
- b) Note progress made and recognise the achievements of the joint project with Hampshire County Council.
- c) Recognise any further development of PAMS as part of Property Services "business as usual" service delivery.

It is therefore anticipated that this will be the final report to come to this Committee.

Introduction:

2. This is a progress update on the PAMS system that has been implemented in Property Services. PAMS is an externally hosted web based system, called Atrium Enterprise Asset Management.
3. PAMS provides a fully integrated property information system that will facilitate partnership working, bringing together property asset data, financial information, maps, spatial data from CAD plans, and document management.
4. The system was procured jointly with Hampshire County Council and has been implemented in collaboration with them. The Framework Contract is open to in excess of 50 public sector organisations in the southeast including all SE7 partners and associated district and borough councils.

5. To date, four other local authorities have purchased Atrium through the Framework and are implementing the system designed and managed by Surrey and Hampshire County Councils, as lead partners.
6. The PAMS system is a modular system and several key modules went live in April 2013 followed by the remaining modules through 2014.
7. The implementation of PAMS was phased, based on agreed priorities for both Surrey and Hampshire County Councils.
8. At the time of the last full report to Committee in May 2014, the project team were working on implementing remaining system functionality and supporting and developing business as usual processes in live modules.

Progress Update

9. The joint implementation project with Hampshire CC has been formally concluded and all further development of the system has been brought into business as usual operations. Surrey and Hampshire County Councils are still lead partners on the Framework and continue to work together in that capacity.
10. The Performance Team in Property Services has recently been restructured and incorporates roles for the ongoing development and maintenance of the system.
11. For information, other Councils including East Sussex, Brighton & Hove, Eastbourne and Reading have procured from the PAMS Framework contract and are progressing their implementations.
12. There has been significant progress in the implementation of the system since the last full report to committee in May 2014 and details of this are shown in the table below.

Progress Since May 2014

<i>Deliverable</i>	<i>Status as at May 2014</i>	<i>Current Status</i>
Property Portal - On-line access to property information/documents.	Tested and ready for go-live to "Pilot" users (10 schools).	Live for all schools using SCC Property Services
Request Portal – On line access to fault reporting.	Tested and ready for go-live to "Pilot" users (10 schools).	Live for all schools using SCC Property Services
Education Sufficiency & Suitability (inc. Calculation of school net capacity assessments).	User acceptance tests complete and go-live scheduled.	Live
Landlord/Tenant Management (Managing leases, service charges and other agreements – payable and receivable).	User acceptance tests complete and go live scheduled.	Live for lease and licence management/data maintenance. Interface to SAP for payments & receipts go-live scheduled for September 2015

Recording of property acquisitions & disposals.	System developed and ready for go-live in mid-June 2014.	Live
Storing of building manuals and other reference files.	Tested and ready for go-live with Property Portal (listed above)	Live
Condition Surveys	Future development planned	Live collecting data through mobile devices
Performance Monitoring and Benchmarking	Performance Monitoring enabled for Building Maintenance business area.	Investigating add on functionality called "Atrium Vision". Demonstration to Surrey and East Sussex carried out on 4 th September 2015.
Training Plan	In place and underway to cover training for all Property staff, selected service staff and contractors.	All property staff trained in main system modules. Required contractors and service staff trained – continues based on need.
CAD floor plan integration (Interface for spatial data).	Future development planned.	Live

13. As well as the deliverables outlined in the table above, there has been considerable progress in improving parts of the system already live.

They include:

- a) the streamlining of maintenance and Help Desk processes
- b) the adoption of the system by more external suppliers enabling the application for payment and approval of payments through electronic workflow in the Contractor Module
- c) the development of financial monitoring and other reports
- d) the capture of more detailed information about our properties and associated plant and equipment held in the core Portfolio Inventory module.

Partnership Working:

14. Surrey CC and Hampshire CC will continue to work together as lead partners in the Framework and will manage the Service Panel that oversees changes to the shared PAMS system.
15. Since the launch of Orbis in April 2015 there has been an opportunity to work more closely with East Sussex County Council. East Sussex have procured PAMS from the Surrey/Hampshire Framework and this has offered up an opportunity to work jointly in developing our systems and processes. PAMS will be an enabler of partnership working across the Orbis Property Service.

16. A lessons learned exercise was carried out with Hampshire CC on the joint implementation and a comprehensive log produced in April 2015. Key learning points that came out of the exercise included:
 - a) Allow more time, or more time-contingency to configure the system and prepare data to transfer
 - b) Ensure resources, project team and stakeholders, are aware of the commitment on their time at the earliest stage, especially when a fast-paced implementation is required.
 - c) Working in partnership has great advantages such as sharing knowledge and best practice, but some disadvantages with the consultative decision making process taking more time.

PAMS Disaster Recovery:

17. One of the benefits of the Property Asset Management System is that it is a single system that can be shared across partners if there is the desire to work in partnership. Data is separated by security configuration within the system.
18. As a shared system hosted remotely in the “Cloud” by the provider, and with currently five local authorities accessing the system, the resilience of the system is of paramount importance to the user organisations.
19. Resilience of the system was recognised as an important factor in the procurement of the Atrium system and appropriate disaster recovery and service level requirements were factored in by the IT departments at Surrey CC and Hampshire CC.

PAMS Benefits Review:

20. A benefits review was carried out at the end of 2014 by the Maintenance Delivery Manager and Performance Manager. The review covered building maintenance, property help desk and the core database of property information that went live in April 2013.
21. PAMS in conjunction with new maintenance contracts has resulted in significant benefits including financial savings. Benefits are wide ranging, covering better access to property information, greater financial control, more efficient processes, and improved service to customers.
22. More detail of benefits identified in the review can be found in Appendix A, attached.

Conclusions:

23. The joint PAMS Implementation Project with Hampshire CC is formally concluded with Surrey CC achieving the successful implementation of the Atrium Enterprise Asset Management System

24. The maintenance and future development of the system is being carried out in the restructured Property Performance Team. We have the right resources with the right skills to take the system forward.
25. The Property Service is benefitting from a system that supports the majority of its business areas delivering a set of property data in a single integrated system.
26. Along with process reviews, the PAMS system is helping us achieve leaner and more efficient ways of working. More details of benefits can be found in Appendix A.
27. The main foundation stones now in place will enable us to adapt to changing business requirements going forward.

Financial and value for money implications

28. There are no direct financial implications of this report. All financial implications of the PAMS project and any impact on the 2015/16 budget have been considered and have been funded from the “invest to save” budget.

Equalities and Diversity Implications

29. There are no direct equality implications.

Risk Management Implications

30. Risks relating to PAMS are managed in the same way as other risks in Property Services on a centrally managed risk register.

Next steps:

31. Property Services will continue to develop the use of the system as part of its business as usual service delivery.
32. Work will continue with East Sussex County Council, as part of Orbis, to align systems and processes in PAMS and complete the East Sussex PAMS implementation.
33. Work will continue with the development of system reports to support all areas of the Property Service. The “Atrium Vision” product will be investigated to enable data in the system to be used for strategic planning.
34. Surrey and Hampshire County Councils will work with other interested local authorities that wish to buy from the contract and manage this through a Service Panel to ensure activities are coordinated.

Report contact: [Nigel Jones – Performance Manager]

Contact details: [020 8541 9920]

Sources/background papers: None

Property Asset Management System Benefits Review

Greater Financial Control	Delegated authorities within the system allow us to have better financial control of maintenance projects and provide a fully auditable financial process.
	An “in system” change control process is now in place that ensures that all variations to maintenance work carried out are fully approved. This helps to avoid scope creep and provides stronger financial control over the amount and cost of works being undertaken.
	The ability to customise and run financial reports at any required time within the service, provides us with full control and transparency of spending against a budget code throughout the financial year.
	A stronger control of budget allocation, with validation based on the options chosen within the budget code hierarchy, reduces the risk of miscoding when processing orders and allows us to maintain greater financial control over spending.
	Managing cyclical maintenance within PAMS provides us with a clear visibility of the unit and annual costs of maintaining plant and equipment.
Streamlined process for logging and processing reactive maintenance requests	PAMS allows us to log reactive maintenance calls and place orders within one system where previously we were required to use two. This has reduced the risk of human error occurring when recording requests and a reduction in the time taken to place orders. As a result Helpdesk operators are able to carry out more value added tasks that have improved customer service.
	In built system prompts reduce the risk of duplicate orders being created, ensures that orders are placed within the correct defined responsibilities and allows an informed decision of the types of works to be undertaken based on prompts regarding special circumstances at a site, such as a listed building.
	A fully electronic end to end maintenance process that allows all parties involved to share

	<p>real time information.</p> <p>A more accurate record of responsive calls logged through the Property Helpdesk has provided us with stronger data to inform the planned maintenance programmes to allow us to prioritise the spend to the areas of most need.</p> <p>A fully electronic, end to end procure to pay process that allows contractor access to receive orders, provide live updates and request payment.</p>
Improved Transparency	<p>The programme management module allows us to manage large programmes of work and group work packages. This provides better visibility of works being carried out across the organisation.</p>
	<p>A fully electronic process and system that is used by all stakeholders involved provides an increased level of transparency and accountability for works that are being undertaken.</p>
	<p>A centralised, highly visible location for all core Property Information has led to improved data quality and consistency of the data used across the department.</p>
	<p>PAMS has allowed us to record ownership and have full control over our plant and equipment asset data which improves our ability to monitor tasks completion within the time limit set. Through having more accurate information, it has the potential to bring financial benefits when tendering future contracts.</p>
Improved Customer Service and Communication	<p>Automatic notifications to stakeholders, including customers, at key stages within processes.</p>
	<p>The system provides workflow notifications that provide a full audit trail of tasks to be undertaken and when they are completed.</p>
	<p>The Property Portal allows schools to report and track fault/work requests, contact the helpdesk and view value added information such as CAD plans and site reports through one centralised point. This has streamlined and improved the customer experience when</p>

	contacting the Property Helpdesk.
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AUDIT & GOVERNANCE COMMITTEE
28 September 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 this Committee last considered a Completed Internal Audit Reports item in May 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 Scrutiny Board.

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 23 audit reports issued since the last report to this Committee in May 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	Accounts Receivable	Effective	0
2	Henrietta Parker Trust Fund	Unsatisfactory	3
3	Fuel Cards - Follow-up	Some Improvement Needed	0
4	Community Learning and Skills	Some Improvement Needed	1
5	Data Analytics	Effective	0
6	Highways Safety Inspection	Effective	0
7	Children's Safeguarding Quality	Significant Improvement Needed	1

	Assurance Process		
8	Managed Print Services	n/a	0
9	Risk Management	Some Improvement Needed	0
10	AIS Care Assessments	Significant Improvement Needed	1
11	Agency Staffing Follow-up	Some Improvement Needed	0
12	School Places	Effective	0
13	Review of PSO Waivers	Some Improvement Needed	0
14	Consultants	Some Improvement Needed	1
15	Fire Transformation Grant	Significant Improvement Needed	3
16	Capital Expenditure Monitoring	Some Improvement Needed	0
17	Trust Funds Follow-up	Significant Improvement Needed	4
18	Highways Schemes (ITS)	Some Improvement Needed	0
19	Surrey Choices	Significant Improvement Needed	2
20	Energy Management	Some Improvement Needed	0
21	Surrey Arts	Significant Improvement Needed	1
22	Absence Management Follow-up	Some Improvement Needed	1
23	Pensions Administration	Effective	0

- 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 Scrutiny Board does so.

SCRUTINY BOARD REVIEW:

- 7 The Resident Experience Board Performance and Finance Sub Group will consider the Henrietta Parker Trust Fund and Fire Transformation Grant Internal Audit reports at a future meeting (date to be confirmed).
- 8 The Trust Funds Follow-up Internal Audit report is planned for inclusion in the December 2015 agenda of the Council Overview Board.
- 9 The Social Care Services Board considered the Internal Audit report on Children's Safeguarding Quality Assurance at a meeting on 9 July 2015 and plans to consider the AIS Care Assessments Internal Audit report at a meeting in October 2015.
- 10 The Absence Management Internal Audit report is being considered as a separate item on the agenda for today's meeting of the Audit and Governance Committee.

IMPLICATIONS:

- 11 Financial
Equalities
Risk management and value for money

- 12 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:

- 13 See Recommendations above.

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

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Completed Audit Reports (May - August 2015)

Annex A

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Accounts Receivable	<p>The Accounts Receivable (AR) Team carries out the function of raising invoices based on information provided by the services, receiving and recording the income in County's financial ledger, SAP. In addition, AR, in conjunction with the frontline services, undertake the debt management function whereby outstanding debts are followed up and recovered or recommended for write-off through the appropriate channels.</p>	<p>Audit testing indicates that invoices and credit notes are raised accurately by appropriate officers in a timely manner. The monitoring and reporting of non care debt is appropriate.</p> <p>Officers in the Income Team all have access to the same modules within SAP irrespective of their roles.</p> <p>Two officers are assigned access to the 'Customer Master Data Maintenance' module in SAP. The module is intended for use only by the Data Management Teams as it includes functionality to create, change, block and display customers. Access to the data module was assigned on a temporary basis until 25 May 2015 for the purpose of uploading invoices for overpaid salaries.</p>	Effective	<p>Review the access levels for all officers with a view to customising their access and undertake a house-keeping task to remove access from officers who have left their teams. (M)</p> <p>The service should change the overpaid salaries invoicing process with a view to separating the customer information upload from the invoice upload. (M)</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Henrietta Parker Trust	<p>Surrey County Council (SCC) is responsible for managing the Henrietta Parker Trust Funds (HPT), which is a registered charity. The original objectives of the fund were to promote education of the public by the provision of technical and manual instruction in the domestic sciences and allied subjects.</p> <p>The fund balance at March 2015 was £1.3m, where £0.84m was held as investments and £0.42m was held as cash within SCC accounts. The totality of expenditure from the trust over the last 5 years was £62,000 spent on items such as kitchen equipment, whilst income from investments totalled £162,000. The fund balance has continued to grow over the last 20 years.</p>	<p>SCC is not managing HPT effectively. It has not been managed in accordance with the requirements of the Charity Commission and it is unclear whether SCC is a “charity trustee” or a “custodian trustee”</p> <p>Little progress had been made on an earlier Internal Audit recommendation to review options for the future use of the Trust fund. There was no evidence of written plans or strategies setting out how HPT money could or would be used.</p> <p>SCC does not have in place processes to ensure it complies with the new Charity Commission Statement of Recommended Practice.</p> <p>The cash deposits held by SCC on behalf of HPT had not received any interest for the financial years 2009/10 to 2014/15.</p>	Unsatisfactory	<p>SCC to clarify its status as either a “charity trustee” or a “custodian trustee” and put in place an appropriate structure to manage the HPT funds. (H)</p> <p>Articles or association and other fundamental bases for governance that are required to manage HPT effectively should be established. (H)</p> <p>Establish a formal strategy for using the HPT money and ensure that it is implemented and followed. (H)</p> <p>Adopt appropriate accounting policies to ensure compliance with the annual reporting requirements for this size of fund. Create and submit annual accounts for the HPT. (M)</p> <p>Appoint an independent audit examiner for the HPT. (M)</p> <p>Ensure all interest due to the HPT is accounted for completely, calculating and paying into the fund any amounts due. (M)</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Fuel Cards – follow-up audit	<p>An audit of fuel card usage was carried out in 2014/15. Annual fuel card spend (October 2013 to September 2014) was £302,433</p> <p>The 2014/15 audit gave a Significant Improvement Needed opinion. It concluded that there was insufficient policy and guidance covering the use of fuel cards by SCC staff; and, that managers were not monitoring fuel card usage to a sufficient degree</p> <p>In line with the Audit Reporting and Escalation policy, a follow-up audit was included in the 2015/16 Audit Plan.</p>	<p>The five High Priority audit recommendations made in the previous audit have been implemented. In particular rules/guidance for the use of fuel cards have been issued and cards are now being managed more effectively as a result.</p> <p>There are 19 cards which are “named driver” cards. In these cases it is more difficult to identify whether or not fuel purchases are appropriate.</p> <p>The new guidance does not provide much advice on how to spot possible fraudulent card use.</p> <p>Only 18 out of 47 managers have accessed the Allstar system during 2015 to review fuel card transactions.</p> <p>Only 143 of the 190 registered fuel cards had been used in the three month period checked by the auditor.</p>	Some Improvement Needed	<p>Phase out “named driver” cards where possible (M)</p> <p>Redraft guidance to include details of potentially fraudulent transactions such as mixed fuel purchases; non-fuel purchases; and, repeated non-capture of odometer readings and registration. (M)</p> <p>Remind line managers of their responsibilities to monitor fuel card transactions and/or consider transferring this responsibility to the payments team. (M)</p> <p>Cancel cards that have been lost or are no longer required. (L)</p>



Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
<p>Community Learning and Skills</p>	<p>Surrey County Council's Community Learning and Skills Service (CLS) provides educational opportunities for adults and families in Surrey. CLS sits within Cultural Services that resides in the Chief Executive's Directorate within the County Council.</p> <p>One of the service's objectives is to utilise its Community Learning funding from the Skills Funding Agency (SFA) to widen participation among adults in learning.</p> <p>The Service is delivering a balanced programme through its Community Learning offer, both for targeted courses and for a broad universal offer via the seven dedicated adult learning centres in North and South West Surrey and other community venues.</p>	<p>The Auditor has identified a potentially high risk area for fraud and error arising in that CLS do not currently have in place a reconciliation process between AQUA and the SCC bank account, or between other income received from different sources to the SCC bank account.</p> <p>The actual method of reporting learner numbers in the annual Self-Assessment Report uses a head count base. This method does not provide sufficiently accurate information about actual attendees on CLS courses (enrolments).</p> <p>The majority of learner enrolment is processed via telephone. An online enrolment facility seems likely to be more efficient and more attractive for many Surrey residents.</p> <p>CLS is a front line service for SCC and interacts with both internal and external customers. The Auditor considers that more work could be done in terms of raising awareness among staff and tutors in terms of fraud and whistle blowing policies.</p>	<p>Some Improvement Needed</p>	<p>Implement appropriate monthly bank reconciliation procedures for cheques or cash received from all sources. The process should be reflected in a written procedure including clear segregation of duties. (H)</p> <p>Ensure that local cash handling practices and the amounts kept in the local safes are in accordance with SCC policies and procedures. (M)</p> <p>Review the methodology to capture annual learner numbers with a focus on what data would best meet service performance information needs. (L)</p> <p>CLS management to continue the liaison with IMT service and urge the implementation of an online enrolment application. The online facility needs to ensure compliance with SCC data protection policies and procedures. (L)</p> <p>The Auditor recommends a review of the processes within CLS for raising the awareness of fraud and whistle blowing policies. (L)</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Counter Fraud - Data Analytics	As part of Internal Audit's counter fraud programme data analytics is used to identify scenarios and trends that may be indicative of inappropriate use but are hidden in the mass of transactions. The Internal Audit team is skilled in the use of a range of computer aided audit techniques which allow interrogation of whole data sets to identify potential instances of fraudulent or erroneous transactions.	<p>Review of the use of journals found no anomalies. This gives substantial assurance that the journal system has not been used to either circumvent the procure to pay process; inappropriately reduce customer accounts or commit acts of false financial reporting.</p> <p>Review of vendor master data suggested that for the vast majority of records, data quality is of an acceptable standard. Some instances of duplicate VAT and Companies House numbers were passed to the data management team for follow-up.</p>	Effective	There were no audit recommendations.

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Highways Safety Inspections	<p>The main objectives of Highway Safety Inspection regime are:</p> <ul style="list-style-type: none"> • To locate and identify defects on the highway, and where appropriate, adjacent to the highway. • To assess the potential risks of damage and/or injury to highway users that may result from these defects. • To ensure that appropriate measures are put in place to manage the risk. • To ensure that the measures are effective in eliminating, or at least minimising the risk. <p>The existing contract with Kier was modelled on rectifying 30,000 defects per annum.</p>	<p>The level of satisfaction reported by residents has steadily improved with the most recently published report from the 3rd Quarter of 2014/15 showing the lowest level of dissatisfaction ever recorded.</p> <p>The volume of reported non emergency defects is significant with approximately 4,000 defects identified a month. Key performance indicators (KPIs) monitor speed of inspection and temporary repair, speed of permanent repair and quality of repair. At the time of this review the supplier was achieving the quality of repair KPI but was failing to achieve either of the timeliness KPIs.</p>	Effective	Only 3 low priority recommendations were made.

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Children's Safeguarding Quality Assurance (QA) Process	<p>The Surrey Children's Service QA Approach is one of the frameworks used for the improvement of children's safeguarding. It is set in the context of the findings of the 2011 Munro Review of Child Protection, which states that strong local quality assurance mechanisms are essential to ensure safe and effective practice in children's social care.</p> <p>The aim of the QA Approach is to develop and maintain a culture in which both quantitative and qualitative aspects of records and feedback are routinely examined.</p>	<p>The QA Approach framework was confirmed to be in place and the auditor concluded that the reports and improvement plans are appropriate and meet internal QA standards.</p> <p>The profile of QA needs to be enhanced so the team's work is more effective. The same recurring issues have been recorded by the QA team over a number of years and many of the actions agreed are not fully implemented.</p> <p>The auditor was not able to review the QA file for NW Care plans 0-6 months as the documentation was not retained by QA.</p> <p>Improvement Plans are structured under the headings Plan; Do; and Review; and do not clearly show what is being recommended, and who is responsible for delivery, within what timescales.</p> <p>Many improvement plans did not include an implementation timescale.</p>	Significant Improvement Needed	<p>All QA reports and related improvement plans should be presented to the Leadership Team to ensure managers take effective action; and, a summary should be provided to the Social Care Services Board. (H)</p> <p>Establish a retention policy for QA audit files. (M)</p> <p>The QA Team should revise the structure of the service improvement plans to clarify the recommendation itself, who is responsible for implementing it and in what timeframe. (M)</p> <p>QA Team to ensure that all planned improvements include the agreed timescales and deadlines for completion and have a priority for importance allocated to them. (M)</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Managed Print Service	<p>SCC's printing and scanning equipment was assessed as no longer fit for purpose. In March 2013, a report was submitted to Cabinet which proposed the provision of a managed service solution delivering a range of printing methods including printing, photocopying, scanning and faxing.</p>	<p>The MPS project was piloted at the Highways office at Mellow in November 2014, and then a number of other site deployments. Technical challenges led to the planned deployment of two models of multi-functional printing devices being replaced by a third model. This delayed the remainder of the deployment whilst the best fit device was identified and ordered.</p> <p>The deployment recommenced in March 2015 and has already addressed a number of larger sites/offices. The solution being delivered does not yet contain the scanning and faxing capabilities originally envisaged.</p> <p>Target savings of £0.115m and £0.4m were included in the 2014/15 and 2015/16 budgets as 'behavioural change' savings. The 2014/15 savings target was not achieved due to project delays, although project set up costs were also delayed.</p>	n/a - Position Statement	There were no recommendations made.

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Risk Management	<p>The council's risk management strategy outlines the arrangements in place to ensure that the council identifies and manages the key risks it faces. SCC has adopted an integrated approach to risk management to ensure openness, transparency and evidence good governance. SCC's risk management framework complements the strategy and ensures a consistent approach to risk management across the organisation by detailing the authority's approach to risk identification, assessment, control and reporting.</p>	<p>One service has moved to a three level scoring of residual risk (in line with the LRR) rather than the numerical scoring of risk as used in all other operational risk registers.</p> <p>The profile of representatives at the forum is not consistent, and consequently can lead to some barriers when engaging with directorate or service management teams.</p> <p>There is no guidance for managing risk in partnerships (an area of significant developments for the council) and this should be addressed to ensure that decisions to enter into partnerships are based on a sound understanding of the risks and challenges, as well as the anticipated benefits.</p>	Some Improvement Needed	<p>Consideration should be given to revising the risk assessment methodology to ensure services are consistent in their compliance with the risk framework. (L)</p> <p>Consideration should be given to SRF representatives supporting representatives from other directorate to provide independent challenge in DMT / SLT Risk workshops. (L)</p> <p>Guidance should be produced to ensure that decisions to enter into partnerships are based on a sound understanding of the risks and challenges, as well as the anticipated benefits. A tool should accompany the guidance to determine the level of risk a partnership may produce, and so ensure that the application of risk management is proportionate to the risk generated. (M)</p>



Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
<p>AIS Care Assessments</p>	<p>The council provides residents with access to social care advice, assessment and local support.</p> <p>There are a number of ways in which a resident with potential social care needs can be brought to the attention of the council including a self- referral; a referral from a carer, friend or family member; or from a professional such as a GP. Once the council is aware that the resident may have needs, it has a duty to provide an assessment.</p> <p>Adults Information System (AIS) is the software used by the council to manage adult social care. The system records service users' needs assessments; care packages; and, provides management information.</p>	<p>Inconsistencies exist between guidance documents the documents</p> <p>The quality of information recording varies across the Locality Teams. Exception reporting identifies some data recording omissions; however, the report format is inconsistent across the IQ Team. Furthermore, no clear process or deadlines for error correction exists.</p> <p>AIS has inherent system limitations including the absence of forced entry field functionality; management or caseload reporting; and limited hazard flagging capability.</p> <p>Audit testing identified that 34% of individuals do not have a care review planned. A third of individuals do not have progress recorded against outcomes.</p>	<p>Significant Improvement Needed</p>	<p>Guidance notes should be refreshed and consolidated to ensure information is both consistent and up to date. (M)</p> <p>The service should agree specific timescales for data error corrections. (M)</p> <p>The service must review the essential information fields in light of service wide impact and previous audit recommendations. (H)</p> <p>The service must ensure that information collected is appropriately recorded. All consents to share information must be recorded under the appropriate tab in AIS including refusal to provide consent. (M)</p> <p>The service should review AIS records to ensure all cases have an appropriate review date. Team Managers should conduct periodic checks on the review status of service users. (M)</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
AIS Care Assessments cont'd		The majority of fields in AIS default to "no" or "unknown" it is difficult to assess if an officer has actively selected "no" or whether the system has defaulted to this entry.	Significant Improvement Needed	<p>The service should ensure that the recording of progress against an individual's target outcomes is evident in their records. (M)</p> <p>Management should consider arranging refresher training on the specifics of AIS recording. (M)</p> <p>The service should explore the capacity for the system to hold responses of 'undisclosed' this would clarify that the individuals were asked the relevant question and have actively responded by refusing to share the information. (L)</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
<p>Agency Staffing Follow up</p>	<p>A review of the agency staff contract was undertaken in 2014/15 and a 'Significant Improvement' opinion was issued with two high priority and nine medium priority recommendations being made. Following the audit, Council Overview and Scrutiny Committee considered the findings of the report and were reminded that a follow-up audit on this topic would be reported back to Members in line with the Audit Reporting and Escalation Policy.</p>	<p>Regional conversations are taking place with 13 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. The timing of the start of such an initiative is not in Surrey's control. Furthermore, consideration may need to be taken of other issues before a decision is taken on whether to sign the memorandum.</p> <p>A policy detailing the commitment Surrey will make to its locum Social Workers has now been agreed and communicated to locums. The policy should help ensure locum social workers receive the basic training and development (including supervision) required to deliver the role. However, the management arrangements to support this policy are not yet fully in place.</p>	<p>Some Improvement Needed</p>	<p>SCC should monitor the impact of the Memorandum of Co-operation on Social Workers and ensure it participates when appropriate. (M)</p> <p>Children's Services should ensure the implementation of management arrangements to fully address its commitments (e.g. for supervision and practitioner development) in its new 'Locums Policy' (M).</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Agency Staffing Follow up Cont'd		HR & CSF are having ongoing discussions regarding the targets for locum to perm transfer, but as yet, the recommendation to produce aspirational targets remains outstanding. However, long serving locums are reviewed at monthly directorate meetings in the review of a monthly dashboard.	Some Improvement Needed	Children's Services should now agree targets for the reduction in the numbers of locum and agency social workers with HR. (M) .
		HM Revenue & Customs (HMRC) is focusing on contract Social Workers as part of a drive to stop 'false self-employment'. HMRC officials have told the organisation that it believes that the amount of supervision most independent social workers working through limited companies need means they may fall under IR35 rules, which would see them deemed as employees rather than self-employed and therefore charged more tax.		Children's Services should ensure that there is a clearly documented, IR35 compliant rationale for all Limited Company locums (M) .

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
<p>Planning School Places</p>	<p>The Council has a statutory duty to provide a school place for every child of any parent who requests one and is required to monitor future demand and make appropriate changes to the educational provision within the County where necessary. Surrey anticipates that it will need 13,000 additional school places over the next five years.</p>	<p>During the Request for Quotations stage of software procurement, a cost estimate for one of the alternative systems was obtained, but it appeared not to have been formally supplied by the supplier. There is no indication of wrong doing.</p>	<p>Effective</p>	<p>When obtaining quotations for goods and services, Schools Commissioning should ensure that these come directly from the suppliers and are not 'presumed'. Comparisons of options should be against a single set of appropriately weighted criteria. (M)</p>
	<p>Each year in January and February, Schools and Learning staff review the secondary and primary applications made to assess the likely expected demand in each part of Surrey against the projected pupil numbers and the extent that there will be places for all pupils needing one. The forecasting tool has moved from a long standing spreadsheet to new proprietary software.</p>	<p>Various scenarios on school places need consideration at different times and Excel templates are used. EDGE does not fully facilitate this work.</p>		<p>Consideration should be given to what software options might exist for scenario modelling. (L)</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Waiver of PSOs	The Authority's procurement rules are set out in its Procurement Standing Orders (PSOs). An exercise is currently in hand to harmonise the PSOs for SCC and East Sussex CC. The PSOs are a section of the Surrey C.C Constitution and therefore must be adhered to at all times. Waivers are only granted in exceptional circumstances and cannot be given if they would contravene the Public Contracts Regulations 2015 or any other applicable legislation.	Reporting retrospective waivers to PRG is helpful to address learning points, but does not automatically ensure there is wider organisational learning.	Some Improvement Needed	<p>Annually, the Buying Solutions Team should produce and share widely, summary statistics which identify where less than three quotations were provided from Requests for Quotations. This information should be used to identify any trends and where it may be necessary to consider more closely who is being asked for a quotation. (M)</p> <p>A summary report on retrospective waivers, which are a breach of the SCC constitution, should be presented annually to the Governance Panel. Consideration should also be given to whether the PRG should refer more cases to HR. (M)</p>
		A small number of Waivers were recorded incorrectly. The reasons for the waivers were not always clear. It was not apparent which conditions for a waiver approval had subsequently been met.		Consider the recording and formatting improvements to the waiver log identified by the Internal Auditor. The Procurement SMT, should periodically review the log's data to drive up compliance with the PSOs. (M)
		Several retrospective waivers related to one former employee.		Procurement Category Managers should ensure they have adequate supervision arrangements and access to reports (eg from CMS) on contracts at risk of missing procurement activity deadlines. (M)



Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Consultants	<p>Surrey County Council (SCC) hires a number of consultants each year to provide subject matter expertise on technical, functional and business topics during development or implementation. There are strict criteria and rules for appointing consultants because of the associated costs and because internal resources could potentially be used as an alternative.</p> <p>The value of purchase orders (POs) raised in 2014/15 for services categorised in SAP as consultancy material groups totalled £5.458m.</p>	<p>SCC has a working definition of consultants, but this is open to interpretation and subjective opinion. There is some uncertainty amongst service users as to which type of services should be categorised as consultants.</p> <p>Some expenditure recorded in the General Ledger as Consultants does not fall within the agreed definition of consultants (eg Babcock4S costs).</p> <p>Consultants with an anticipated cost greater than £50k per annum are required to be approved by the Leader and the Chief Executive. The process for capturing such contracts and obtaining the requisite approval has not been wholly effective.</p> <p>Rates charged by some relatively low value consultants could not be verified as formal contracts were not in place or could not be found. Where contracts did exist, a lack of monitoring meant that a small number of consultants were being paid more than their agreed hourly or daily rate. PO creation and invoice checking protocols need to be reinforced to all service users.</p>	Some Improvement Needed	<p>A single clear definition of a consultant should be agreed, adopted and used across all related guidance and instruction. (M)</p> <p>Babcock4S costs and costs associated with professionals engaged by Property Services should be coded to separate GL account codes from the next financial year. (M)</p> <p>The next issue of PSOs should clarify how approval should be obtained. Proof of approval (where necessary) must be retained for reference purposes. (H)</p> <p>Service users to be reminded to check for expired service contracts and to re-let as appropriate. POs for consultancy services must be supported by a priced quotation or contract specifying hourly/daily rates. (M)</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Fire Transformation Grant	<p>Two successful Fire Transformation Grant applications were made to DCLG in 2014. One, (for an Integrated Transport Function) was a syndicated bid submitted by Surrey Fire and Rescue Service (SFRS) on behalf of East Sussex and West Sussex Fire and Rescue Services as well. This resulted in £5,955k being made available for all the emergency services to work together to deliver efficiencies in the management of their transport functions</p> <p>The other successful bid (Immediate Emergency Care Responder) was made solely by SFRS but with SECamb as a co-signatory. This smaller grant of £337k is for clinical/trauma training for all Surrey fire fighters and for equipment eg public access defibrillators.</p>	<p>The successful “large lot” bid was based on the partnership spending £13.6m during 2015/16, including £5.955m DCLG funding. It was clear that the planned spend and investment outlined would not be made in total in 2015/16 as stated in the bid application. The following priority projects have been identified: Fuel; Telematics; Workshops; Storage and central supply hub; and, Staffing.</p> <p>The plan was to save £903k in 2016/17 from closing workshops and reducing the related premises and staff costs. The recurring savings from 2017/18 were planned to be £1.8m. A plan for delivering integrated workshops and the other projects is being established and is yet to be agreed by the ESCP Strategic Board. It is unlikely the planned savings will be achieved in the stated timeframe.</p>	Significant Improvement Needed	<p>Business cases and a programme delivery plan should be prepared for the Integrated Transport Function (ITF) and agreed with the Strategic Board and DCLG. (H)</p> <p>Ensure the savings from the new plans for the work-streams are robust, achievable and agreed with the DCLG. (H)</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Fire Transformation Grant cont'd		<p>The small grant from DCLG of £337k was for clinical/trauma training for all front line fire fighters. The bid was a unique initiative that expected fire fighters to be trained to provide extra clinical resources across Surrey. The plan was to reduce the costs of the ambulance trust by SFRS fire fighters attending on average 20 calls per day. In the bid the projected savings in 2015/16 were £45k and from 2016/17 recurring benefits were £91k. To date no calls have been passed on to the SFRS as the agreements are not yet in place. It is not clear whether the plan will now be achieved and whether the planned savings will be achievable.</p> <p>The governance structure supports the delivery of the strategic direction of the ITF and establishes the arrangements over the Fire Transformation Funding, confirming that SCC will act as banker for the grant on behalf of the three fire authorities. The Auditor was unable to test the practical operation of arrangements, however, as no expenditure had been incurred on the related Fire Transformation Fund at the end of May 2015.</p>	Significant Improvement Needed	<p>Establish a revised benefits delivery plan for the joint working between SFRS and SECamb to confirm the realistic savings in 2015/16 for the programme. (M)</p> <p>The Strategic Board should seek confirmation from the DCLG that they support the revised plans and related savings for both grants to ensure that most of the grant income is retained. (H)</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Capital Expenditure Monitoring	<p>The Council's Capital Programme is key to ensuring the delivery of services to Surrey residents. More than £750m is allocated to various capital projects over a 5 year rolling programme. The review was to ensure that robust controls for projects are in place, key risks are managed effectively and expenditure is monitored and reported to senior management and Members of the Council in a timely manner.</p>	<p>The guidance on capital expenditure published on the S::net was comprehensive.</p> <p>The Investment Panel and the Capital Working Group played an important role in ensuring that business cases for projects were robust and progress was reviewed regularly before reporting to the Cabinet each month.</p> <p>Changes to budgets and movements in variances from one month to the next were not clearly explained.</p> <p>From a total annual budget of £210m in 2014/15, £100m and £75m were allocated to Property Services and Environment and Infrastructure respectively. At year-end, capital budgets were underspent by £10m excluding the £8m spent on long-term investments. The forecast variance during the year fluctuated widely.</p> <p>External Audit requested re-profiling of capital budgets which was completed in 2014/15 for Property Services only and reported to the A&GC in April 2015.</p>	Some Improvement Needed	<p>The changes to budgets and variances as well as the fluctuations to forecast variances at year-end should be clearly explained in the monthly Cabinet reports (M).</p> <p>The Finance Service should identify good practices in capital budget monitoring including budget profiling (as seen in Property Services) and share best practices with all the services (M).</p>



Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Trust Funds follow-up audit	<p>An audit in 2013/14 found that the governance and reporting arrangements for trust funds was fragmented with responsibility being retained centrally and no independent forum to monitor them. There was continued growth in the funds and there were no formalised plans in place of how those funds were to be employed.</p> <p>This follow-up audit sought to confirm whether appropriate action had been taken to address these issues.</p>	<p>Surrey Educational Trust (SET) was set up as a charitable company limited by guarantee but was not registered with the Charity Commission.</p> <p>The Henry Blanchett Bequest charity was set up to provide books to individuals/organisations in the Epsom area, and the fund can make grants to this end. At March 2015 the fund balance had risen to £175,107 and there have been no payments from this fund for nearly 30 years. There are no effective governance arrangements in place for this charity.</p> <p>The Yarrow Lecture Fund is a 'removed charity' which ceased to exist on 25 September 2008. Since then investments have continued to be held in the name of the fund and the balance at March 2015 was £121,526.</p> <p>Most of SCC's trust funds are not being properly managed and there is a low level of knowledge of this area within Finance, Legal and the support services, leading to the incorrect advice being given.</p>	Significant Improvement Needed	<p>The SET should register as a charity in accordance with the Charity Commission regulations. It should prepare accounts that meet the requirements of the SORP, and arrange for its accounts to be subject to an independent audit examination. (H)</p> <p>Ensure the Henry Blanchett Bequest fund meets the requirements of the Charity Commission, establish a board and plan for its use. (H)</p> <p>Seek guidance from the Charity Commission on how to apply the Yarrow Lecture Fund balances of £121,526 at March 2015. (H)</p> <p>Increase the levels of knowledge and understanding of managing charities of officers within legal, finance and services. (H)</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Highways Schemes - Integrated Transport Schemes (ITS)	<p>Each year Surrey County Council (SCC) undertakes around 100 highways improvement schemes for the local area committees. The Integrated Transport Schemes (ITS) amount to approximately £3m per year, with contributions from local committees of approximately £2m, the remaining £1m is funded by SCC from S106 contributions or other funding sources.</p>	<p>The estimated costs of schemes were found to be agreed with the clients, at the beginning of each scheme or project contract. For nine of the ten contracts tested, additional costs were incurred. The Variation Orders (VO's) were authorised within the approved limits in the Standing Orders.</p> <p>Many of the VO's were not priced when they were issued. This results in the additional costs not being known until the contractor prepares their final accounts.</p> <p>There is nothing in the highways contract between Kier and SCC explaining the VO processes. Such a process would confirm who can issue and authorise VO's, provide estimates, obtain the approval of clients, distinguish between 'significant' additional costs and others.</p> <p>The Auditor found difficulty in retrieving some documentation relating to the highways schemes. Most of the communication (especially with the client) is via emails which remain in the employee's email inbox and are not readily accessible.</p>	Some Improvement Needed	<p>Ensure all VOs contain estimated costs when they are issued. Any significant additional costs should be agreed with the client (Local Committee) before the VO is signed. (M)</p> <p>Establish procedure notes for the issue of highways scheme VOs (L)</p> <p>The documentation for the highways schemes should be retained in the relevant scheme folder. (M)</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Surrey Choices	<p>Surrey Choices (SC) is a company established by Surrey County Council (SCC) in 2014 to manage the delivery of day services and community support options for people with disabilities. The objective was to ensure financial benefits and service outcomes were achieved while retaining the public sector ethos and values of SCC.</p>	<p>Management information provided by SC is inadequate to enable the services to be effectively monitored. The performance information dashboard which was planned to be in place during 2014 has not been delivered</p> <p>The target for the Personalisation Team in SC was to complete 270 reviews of care plans. During the past year only 56 had been reviewed. This is a significant reduction compared to that planned and has implications for delivering care packages, improving outcomes and maximising benefits of our families, friends and communities strategy.</p> <p>From 1 April 2015 SC were providing respite care at The Squirrels Site in Banstead. A block contract was agreed with SC to provide 10 beds at The Squirrels Site in Banstead. It was later agreed to provide 6 beds at the pro rata rate. The capacity for the new respite service is not yet being fully utilised by SCC. This means SCC is not getting best value for the block amount it is paying for this service.</p>	Significant Improvement Needed	<p>SCC should ensure that SC provides the performance management dashboard as required under the terms of the contract. (H)</p> <p>SCC should review the effectiveness of the Personalisation Team in SC with a view to increasing the rate of care plan review. (H)</p> <p>SCC should seek to maximise the usage of respite care beds for the remainder of 2015/16 and negotiate competitive best value spot rates to be applied from April 2016. (M)</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Surrey Arts Musical Instruments (follow up)	<p>The budgeted income for the Surrey Arts Music Service is £3.8m, with music tuition fees representing £2.18m. The Musical Instruments Hire Shop holds instruments with a replacement cost of £1.3m. These Instruments are hired out to those taking music lessons or lent to schools free for projects and ensembles. A 2013/14 audit gave a significant improvement opinion.</p>	<p>Surrey Arts management produced an Instrument Hire Policy. This document still needs significant further development and the Auditor has facilitated a discussion within the Service over the topics and details which might be added into the policy. There is a commitment from the Service to update this policy by November 2015. This policy, along with the wider considerations of the future of Surrey Arts, should drive improvements in asset management and outline the sort of service that can be afforded by residents. The policy should also help generate the income required for Surrey Arts to be increasingly financially self-reliant from Surrey CC through increased fees and charges, grants and other sources of income.</p>	Significant Improvement Needed	<p>The Instrument Hire Manager, with the support from his line manager, should complete the revision of the Instrument Hire Policy and re-present it as a draft Musical Instrument Asset Management Strategy to the Surrey Arts Senior Management Team (SMT) for approval. (H)</p> <p>The Surrey Arts Management Team should ensure that it closely monitors the delivery of agreed activities and tasks from the service improvement schedule developed during the audit. (M)</p> <p>A clear timetable should be set for the full entry of all SCC musical instruments into the Paritor system, with a completion date no later than 31 March 2016. (M)</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Energy and Environmental Impact	<p>The Authority spent £9m in total on electricity and £3.9m on gas in 2014/15. Annually, it has to report both its equivalent CO₂ emission and pay a government levy) and its Green House Gases emissions in a public report.</p> <p>The Council now has a Carbon and Energy Policy 2015 -19 and a target to reduce its emissions by 10%.</p>	<p>Members agreed a Carbon and Energy Policy in 2014/15 and this set a new target for the authority to reduce its carbon emissions by 10% over a five year period.</p> <p>SCC appears to be finding that some of the potential schemes it has had in mind have very long payback periods and relatively low rates of return that are either marginal or which do not fit well with other financial demands on resources. The authority faces a significant challenge in meeting its own policy unless it can identify new initiatives to invest in, that both save money and reduce emissions.</p>	Some Improvement Needed	<p>A tighter schedule for the production of the CRC data return and the GHGs data and narrative report should be produced for the 2015/16, so that there is more time available for scrutiny by Internal Audit. (M)</p> <p>Two low priority recommendations on raising awareness of energy saving opportunities were also made.</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Absence Management Follow-up	<p>An Internal Audit report on Absence Management published in February 2015 highlighted a number of anomalies with the accuracy of sickness absence data and made a number of recommendations aimed at improving absence management.</p> <p>A follow-up review of Absence Management was specifically requested by the Audit & Governance Committee.</p>	<p>Since the publication of the original audit report in February 2015, HR Management has taken positive action to encourage more proactive absence management across all service areas.</p> <p>Sickness absence is showing a downward trend, indicating that the twelve month rolling average days lost per FTE has reduced from 6.76 in July 2014 to 5.99 in July 2015.</p> <p>Sickness absence data affecting 294 out of 9,546 staff (3.1%) had been input to SAP but not processed through to the Workforce Reports (WR). Further investigation indicated that SAP had not recognised these inputs as they had failed certain data validation controls.</p> <p>For certain individuals, reported sickness absence data was higher in the WRs than in SAP. This was because periods of current long term sickness which started before the twelve month rolling period were included in the WR day count</p>	Some Improvement Needed	<p>Conduct a review of absence data which is input to SAP but which does not get processed through to the Business Warehouse or the Absence Dashboard and is therefore not reported in the WR. (H)</p> <p>Confirmation is sought from senior HR management that sickness days from outside the twelve month period should continue to be included in the absence count. (M)</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Pensions Admin	<p>Surrey County Council (SCC) administers the Surrey Pension Fund (SPF) which is part of the Local Government Pension Scheme (LGPS). Pensions-related data is held on the Altair system.</p> <p>At 5 August 2015, there were 167,453 records held on Altair for the SPF. Of these, 33,322 were active employees, 19,542 were pensioners, 30,864 were deferred pensioners, and 3,210 were widows or dependants. The remainder included those who had died or exited without liability.</p>	<p>The procedure for admitted bodies notifying details of staff to be added is satisfactory. However there is scope for making errors when inputting details. Currently, no immediate feedback is returned to the admitted body to confirm details of staff added to the scheme and for their checking purposes.</p> <p>Admitted bodies send an annual return stating individual monthly employee and employer contributions made during the tax year. The Pensions Administration team check that stated figures are mathematically correct and in line with the stated contribution rates, but there is no reconciliation routine to check that total stated contributions reconcile to sums remitted into the SPF bank account.</p>	Effective	<p>After personal data has been input to Altair, a report from Altair should be sent to the newly admitted body for confirmation purposes and so that details can be checked. (L)</p> <p>For admitted bodies, it would be good practice to perform an annual reconciliation of total individual contributions to total contributions remitted by admitted bodies. The Pensions Services Manager should liaise with the Senior Accountant in the Finance Pension Fund and Treasury team to determine the best approach. (L)</p> <p>3 other Low Priority recommendations were made</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 September 2015

Leadership Risk Register

Purpose of the report:

The purpose of this report is to present the Leadership Risk Register as at 31 August 2015 and update the committee on any changes made since the last meeting to enable the committee to keep the council's strategic risks under review.

Recommendations:

It is recommended that the committee:

1. Review the Leadership Risk Register; and
2. 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.

Leadership Risk Register:

3. The Leadership Risk Register (Annex 1) is owned by the Chief Executive and shows the council's 14 key strategic risks. The register is regularly reviewed by the Strategic Risk Forum¹ (chaired by the Director of Finance) and the Statutory Responsibilities Network² on a monthly basis.
4. Since it was last presented to the committee in May 2015, the risk register has been reviewed by the Strategic Risk Forum, the Statutory Responsibilities Network and the Directors reporting to the Chief Executive.

¹ Strategic Risk Forum membership – Director of Finance (Chair), strategic risk leads, Chief Internal Auditor, Head of Emergency Management, Risk and Governance Manager.

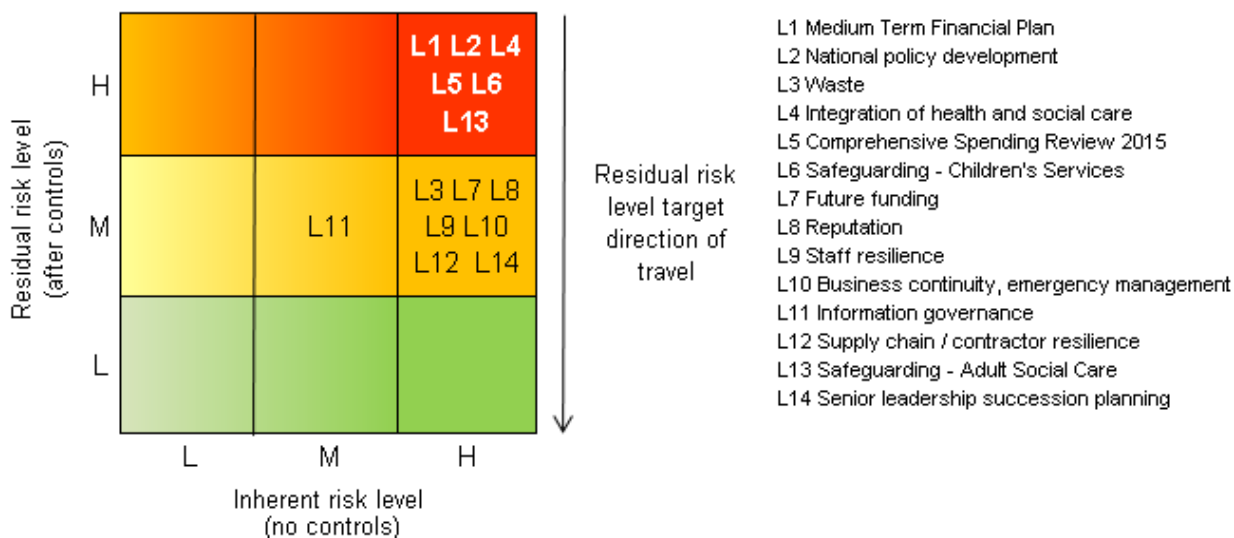
² Statutory Responsibilities Network membership – Chief Executive (Chair), statutory officers for Social Care, Education, Fire, Public Health, Director of Finance, Director of Legal and Democratic Services, Chief Internal Auditor, Director of People and Development.

Changes to the Leadership Risk Register

5. Minor wording changes have been made to the risk controls to the following risks:
 - Medium Term Financial Plan (L1);
 - National policy development (L2);
 - Waste (L3);
 - Staff Resilience (L9);
 - Information Governance (L11); and
 - Safeguarding – Adult Social Care (L13).

Residual risk level

6. 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.’
7. 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, six of these risks continue to have a high residual risk level (L1,L2,L4,L5,L6,L13) and eight continue to have a medium residual risk level (L3,L7,L8,L9,L10,L11,L12,L14), showing the significant level of risk that the council is facing despite the processes and controls in place to manage the risks.



Internal audit of risk management:

8. The annual internal audit of risk management completed in May 2015 received an overall audit opinion of some improvement needed. Key findings included the clear risk strategy and framework, the high profile of the Leadership Risk Register and that SRF is effective and well attended.

9. A partnership governance framework has been developed and is available on the snet. The document provides guidance on key areas for consideration for staff involved in partnership working, including a section on risk.

Implications:

Financial and value for money implications

10. There are no direct financial implications relating to the Leadership Risk Register.

Equalities and Diversity Implications

11. There are no direct equalities implications but any actions taken need to be consistent with the council's policies and procedures.

Risk Management Implications

12. Effective management of risks and financial controls supports the council to meet its objectives and enable value for money.

Next steps:

The Leadership Risk Register will continue to be presented to each Audit and Governance Committee and quarterly to Cabinet.

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Leadership Risk Register as at 31 August 2015 (covers rolling 12 months)

Owner: David McNulty

Annex 1

Ref	Risk ref.	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	ASC1 BUS01 C&C2 CSF4, EAI1,3, 15 FR72, 85	<p>Medium Term Financial Plan (MTFP) 2015-20 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 Updated MTFP (2015-20) reported to Cabinet in July 2015. The ongoing budget planning process will continue to develop the MTFP 2016-21. Clear pricing structures in place for services delivered. Early conversations are undertaken with all relevant stakeholders to ensure consultations are effective and completed in a timely manner. 	<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 Members have all the relevant information to make necessary decisions 	Director of Finance	High
L6	CSF2,3	<p>Safeguarding – Children's Services Avoidable failure in Children's Services, through action or inaction, including child sexual</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. 	<ul style="list-style-type: none"> Timely interventions by well recruited, trained, supervised and managed professionals ensures appropriate actions are taken to safeguard and 	Strategic Director for Children's Schools and Families	High

Leadership Risk Register as at 31 August 2015 (covers rolling 12 months)

Owner: David McNulty

Annex 1

Ref	Risk ref.	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)
		exploitation, leads to serious harm, death or a major impact on well being.		<ul style="list-style-type: none"> Adult Social Care and Children, Schools and Families are working as key stakeholders in the further development of the Multi-Agency Safeguarding Hub. 	promote the well being of children in Surrey. <ul style="list-style-type: none"> - 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	ASC2,9	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. Care Act Implementation Board provides strategic direction and focus. 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 Member for Adult Social Care in safeguarding functions. 	<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

Leadership Risk Register as at 31 August 2015 (covers rolling 12 months)

Owner: David McNulty

Annex 1

Ref	Risk ref.	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)
L2	ASC2,9	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 new policy changes 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 Board and the Resident Experience Board. 	<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 proactively take the opportunities to influence central Government - Care Act Implementation Board in place and project programme set up to support ongoing discussion with partners. 	Strategic Director for Adult Social Care	High
L4	ASC2 CEO2	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 - develop a financially sustainable model. 	High	Governance arrangements: <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 against key Health & Social Care integration work streams and agreed financial governance framework (including the Better Care Fund) Prioritisation of resources and clear senior leadership across Council directorates to support the development of Health & Social 	<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. - 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. 	Assistant Chief Executive	High

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Leadership Risk Register as at 31 August 2015 (covers rolling 12 months)

Owner: David McNulty

Annex 1

Ref	Risk ref.	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)
				<p>Care work streams.</p> <ul style="list-style-type: none"> 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. 			
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. 	- Cabinet fully consider the implications of CSR in budget planning and agree an MTFP that reflects likely impacts.	Director of Finance	High
L14	ASC4 BUS13	<p>Senior Leadership Succession Planning 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 and effective succession plans	Chief Executive	Medium

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Leadership Risk Register as at 31 August 2015 (covers rolling 12 months)

Owner: David McNulty

Annex 1

Ref	Risk ref.	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)
L3	EAI2	Waste Failure to deliver the key elements of the waste strategy leads to negative financial and reputational impact.	High	<ul style="list-style-type: none"> Implementation monitored by the Waste Programme Delivery Board with strategic overview provided by the Strategic Waste Board Operational Delivery Board created to specifically manage the delivery of the Eco Park development. All major decisions are reported to Cabinet on a regular basis Reporting through Surrey Chief Executives detailed proposals on options for improved collaborative working to achieve the strategy outcomes. 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. 	Strategic Director of Environment and Infrastructure	Medium
L7	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) 	<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

Leadership Risk Register as at 31 August 2015 (covers rolling 12 months)

Owner: David McNulty

Annex 1

Ref	Risk ref.	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)
				<ul style="list-style-type: none"> 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>			
L8	ASC8,9 BUS01 CSF3,4 CEO7 EAI2,14	<p>Reputation</p> <p>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.</p>	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 and communicated as a result of learning. 	Chief Executive Officer	Medium
L9	ASC4 BUS06 CEO8	<p>Staff resilience</p> <p>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.</p>	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 Eight training courses available that address various aspects of change and trained coaches 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 	<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

Leadership Risk Register as at 31 August 2015 (covers rolling 12 months)

Owner: David McNulty

Annex 1

Ref	Risk ref.	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)
				<p>groups provide a measure of the staff satisfaction with the council and its management of change.</p> <ul style="list-style-type: none"> • 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. 			
L10	CEO3 EAI4,5 FR06	<p>Business Continuity, Emergency Planning Failure to respond effectively to a known event or major incident results in an inability to deliver key services.</p>	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	ASC8	<p>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.</p>	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 	<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 	Strategic Director Business Services	Medium

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Leadership Risk Register as at 31 August 2015 (covers rolling 12 months)

Owner: David McNulty

Annex 1

Ref	Risk ref.	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)
				contract managers to enable a consistent approach. <ul style="list-style-type: none"> Mitigating actions are less effective for small/medium suppliers due to reduced business continuity. 	regularly up-dated		
L11	ASC5 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, secure email environment and strong password policies Best practice working standards including PSN accreditation and move towards ISO2700 Focus on educating users through communications campaigns (linked to known peaks for breaches) and a refreshed and re-launched information security e-learning package. Information Governance and Caldicott Boards in place to oversee processes and controls Implementation of 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. Increased use of mobile technology to minimise the need for paper records. <p>Despite the actions above, there is a continued risk of human error that is out of the council's control.</p>	- Cabinet review of IT security policy has resulted in the security policy, Code of conduct and social media policies being updated to reflect changes agreed	Strategic Director Business Services	Medium

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Audit & Governance Committee
28 September 2015

Statutory Responsibilities Network

Purpose of the report:

To update the Audit & Governance Committee on activity of the Statutory Responsibilities Network.

Recommendations:

It is recommended that the Audit & Governance Committee Chairman continues to have regular meetings with the Network chairman, the Chief Executive, in order to go through minutes and keep up-to-date with network activity.

Introduction:

1. As a result of the Audit & Governance Committee Effectiveness Review, the committee agreed a protocol for working with the newly established Statutory Responsibilities Network. This report constitutes part of the agreed protocol and provides an update on the activity of the Statutory Responsibilities Network since the last report in February 2015.

What is the Statutory Responsibilities Network?

2. The Statutory Responsibilities Network (SRN) has been established since May 2014 and meets every fortnight on a Monday afternoon. It exists to bring key officers together with a focus on the Council's core legal duties.

Terms of reference

3. The purpose of SRN is to facilitate clear senior officer oversight of our major statutory and other responsibilities, which have been defined as:
 - Ensuring adults and children are safe
 - Ensuring fiduciary duty, i.e. finances are safe
 - Ensuring compliance, including with equalities duties
 - Ensuring health & safety responsibilities are met
 - Ensuring highways responsibilities are met

- Ensuring the provision of sufficient school places
- Ensuring public health & wellbeing
- Ensuring organisational resilience and continuity
- Ensuring risks are identified and managed

Membership

4. SRN membership, as of February 2015:
 - David McNulty, Chief Executive Officer
 - Nick Wilson, Strategic Director Children, Schools and Families
 - Dave Sargeant, Strategic Director Adult Social Care
 - Russell Pearson, Chief Fire Officer
 - Helen Atkinson, Director of Public Health
 - Sheila Little, Director of Finance
 - Ann Charlton, Director of Legal & Democratic Services
 - Carmel Millar, Director of People and Development
 - Sue Lewry Jones, Chief Internal Auditor

Summary of network activity over past six months

5. The network provides a regular forum for statutory officers to raise key issues, share knowledge and offer challenge. In response to risks, the network may choose to request further information, propose ideas or commission specific work. Where organisational inconsistencies are identified, a strategic solution is agreed, implemented and overseen.
6. Key items over the past six months include the risk register, the Rotherham report, care home contracts, mortuary capacity, annual audit opinion, changes to conditions of service, Prevent duties and the Improvement Plan for Children's services.

Governance of risk

7. The Leadership Risk Register is a standing item for SRN meetings. This allows for the regular review of existing risks and the identification of new risks. The Strategic Risk Forum also continues to operate as usual.

Protocol arrangements:

8. Performance of SRN will be managed by the Chief Executive Officer, who will continue to provide the Committee with twice yearly reports on progress. Key findings throughout the year will continue to be brought to the Committee by SRN members.

Conclusions:

9. The agreed protocol continues to ensure SRN is joined up with the Audit & Governance Committee, with measures in place to ensure the effective governance of risk.

Financial and value for money implications

10. None

Equalities and Diversity Implications

11. EIA not completed as this report is for information.

Risk Management Implications

12. The Statutory Responsibility Network plays a key role in the identification and management of risk.

Next steps:

The Statutory Responsibilities Network will continue to meet fortnightly.

Report contact: Samantha Voyle, Graduate Executive Assistant to the Chief Executive

Contact details: 020 8541 8604, samantha.voyle@surreycc.gov.uk

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Audit & Governance Committee
28 September 2015

Local Firefighters' Pension Board

Purpose of the report:

The report provides a recommendation for the Audit and Governance Committee to approve amendments to the terms of reference of the Local Firefighters' Pension Board.

Recommendations:

It is recommended that the Audit and Governance Committee approves amendments to the terms of reference of the Local Firefighters' Pension Board.

Reason for the recommendations:

The Audit and Governance Committee must be aware of all operations of the Local Firefighters' Pension Board. The Scheme Manager has delegated its statutory functions in regard to Local Firefighters' Pension Board to the Audit and Governance Committee. These include approval of amendments to the terms of reference of the Local Firefighters' Pension Board.

Introduction:

1. The changes introduced by the Public Service Pensions Act 2013 Act are aimed at achieving a more coherent and consistent system to provide assurance that benefits are paid, contributions are received and the Pensions Regulator Code of Practice 14 is followed in accordance within the law and subject to good practice. The creation of a new Firefighters' Local Pension Board was achieved at a meeting of full Council on 17 March 2015.

Implementation of the Local Firefighters' Pension Board

2. The terms of reference of the Local Firefighters' Pension Board were approved at the meeting of full Council on 17 March 2015. The terms of reference of the Local Firefighters' Pension Board included an Appointment and Termination Process for Local Firefighters' Pension Board members.

3. The appointment of the Local Firefighters' Pension Board members was carried out by the Appointment/Termination Panel on 20 August 2015.
4. The make-up of the Local Firefighters' Pension Board is:
 - Two x Employer representatives:
Cllr Nick Harrison
Matthew Baker
 - Two x Employee representatives:
Richard Jones
Glyn Parry-Jones
 - One x independent representatives.

It was agreed that no initial appointments be made and that the future requirement for independent representatives of the Local Firefighters' Pension Board to be assessed by the newly formed Local Firefighters' Pension Board.

Amendments to the Local Firefighters' Pension Board Terms of Reference

5. It is proposed to amend the Local Firefighters' Pension Board to provide operational consistency with the Surrey Pension Fund Local Pension Board.
6. Revisions to the terms of reference clarifies the appointment process and the Chairman's voting rights (paragraphs 4 – 5.4) and consistency in reference terminology of the Local Firefighters' Pension Board.
7. It is recommended that the Audit and Governance Committee approves all amendments as noted and confirmed in paragraph 20.3 of version 2 of the Terms of Reference.

Conclusions:

Financial and value for money implications

8. The costs of running the new Local Firefighters' Pension Board will be borne by the Scheme Manager, as prescribed by the Regulations.

Equalities and Diversity Implications

9. There are no equalities or diversity implications associated with this report.

Risk Management Implications

10. There are no risk related issues.

Next steps:

11. The following next steps are planned:

- Officers will work with members of the Local Firefighters' Pension Board to establish a date for the inaugural meeting of the Local Firefighters' Pension Board.

Contact Officer:

Neil Mason, Senior Advisor

Consulted:

The Director of Finance has been consulted on the report.

Annexes:

Annex 1: The Local Firefighters' Pension Board Terms of Reference (version 2 – marked copy)

Sources/background papers:

None

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THE SURREY LOCAL FIREFIGHTERS' PENSION BOARD

TERMS OF REFERENCE



Surrey Local Firefighters' Pension Board

Membership: Total five

Two employee representatives

Two employer representatives

The Local Firefighters' Pension Board may also contain one other member

Terms of Reference

1. Introduction

1.1 This document sets out the terms of reference of the Local Firefighters' Pension Board of Surrey County Council (the 'Fire and Rescue Authority'), a scheme manager as defined under Section 4 of the Public Service Act 2013.

1.2 The Local Firefighters' Pension Board is established in accordance with Section 5 of that Act and under draft Regulation 4A of the Firefighters' Pension Scheme (England) Regulations 2014 (as amended).

2. Role of the Local Firefighters' Pension Board

2.1 The role of the Local Firefighters' Pension Board, as defined in the draft Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015, is to assist the Fire and Rescue Authority Scheme Manager:

(a) to secure compliance with:

(i) the scheme regulations;

(ii) any other legislation relating to the governance and administration of the Firefighters' Pension Scheme and any connected scheme;

(iii) any requirements imposed by the Pensions Regulator in relation to the Firefighters' Pension Scheme.

(b) to ensure the effective and efficient governance and administration of the Firefighters' Pension Scheme.

2.2 The Local Firefighters' Pension Board will ensure it effectively and efficiently complies with the Code of Practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

2.3 The Local Firefighters' Pension Board will also help ensure that the Firefighters' Pension Scheme is managed and administered effectively and efficiently and complies with the Code of Practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

- 2.4 The Local Firefighters' Pension Board has power to do anything that is calculated to facilitate or is conducive or incidental to the discharge of any of its functions.
- 2.5 The Local Firefighters' Pension Board should always act within its terms of reference.

3. Establishment of the Local Firefighters' Pension Board

- 3.1 The Local Firefighters' Pension Board is established on 1 April 2015 subsequent to approval by Surrey County Council on 17 March 2015.

4. Appointment of members of the Local Firefighters' Pension Board and voting rights of Local Firefighters' Pension Board members

- 4.1 The composition of the members of the Local Firefighters' Pension Board is as follows:

The Local Firefighters' Pension Board shall consist of at least four members and may contain up to five members. It shall be constituted as follows:

- i) Two employer representatives;
 - ii) Two scheme member (employee) representatives;
 - iii) The Local Firefighters' Pension Board may also contain one independent member.
- 4.2 Scheme member and employer representatives shall be appointed in equal number and shall together form the majority of the Local Firefighters' Pension Board's membership.
- 4.3 No officer or elected member of the Fire and Rescue Authority who is responsible for the discharge of any Scheme Manager functions of the Fire and Rescue Authority under the Regulations may serve as a member of the Local Firefighters' Pension Board.
- 4.4 Each Local Firefighters' Pension Board member so appointed shall serve for the life of the current Surrey County Council, a defined, fixed period which can be extended for further periods subject to re-nomination.
- 4.5 Each Local Firefighters' Pension Board member should endeavour to attend all Board meetings during the year. No substitutes will be permitted to attend on behalf of absent Local Firefighters' Pension Board members.
- 4.7 Each Local Firefighters' Pension Board member should participate in training when required.
- 4.8 Members of the Local Firefighters' Pension Board shall be appointed by the Scheme Manager (the Appointment Panel) in accordance with the **Appointment and Termination Process**.

- 4.9 The Appointment Panel shall be made up of the following:
- the Chairman of People, Performance and Development Committee;
 - the Strategic Finance Manager (Pension Fund and Treasury);
 - the Director of Finance (or her nominee);
 - the Director of Legal and Democratic Services (or her nominee);
 - the Chief Fire Officer (or his nominee).
- 4.10 Each employer representative and member representative of the Local Firefighters' Pension Board will have an individual vote on any matter needing a decision. The independent member of the Local Firefighters' Pension Board does not have voting rights. It is expected that the Local Firefighters' Pension Board will, as far as possible, reach a consensus. If a consensus is not reached the Chairman shall have a casting vote in addition to any vote he may have already cast.
- 5. Appointment and duties of the Chairman and Vice Chairman of the Local Firefighters' Pension Board**
- 5.1 A Chairman and Vice Chairman of the Local Pension Board to be appointed by the Scheme Manager (the Appointment Panel) in accordance with the **Appointment and Termination Process**.
- 5.2 It will be the role of the Chairman of the Local Firefighters' Pension Board to ensure that all members of the Local Firefighters' Pension Board show due respect for process, that all views are fully heard and considered, and to determine when consensus has been met.
- 5.3 The full responsibilities of the Chairman of the Local Firefighters' Pension Board are contained in the Chairman of the Local Firefighters' Pension Board description.
- 5.4 The Vice Chairman shall undertake the duties of the Chairman in the event of the Chairman's absence.
- 6. Notifications of appointments to the Local Firefighters' Pension Board**
- 6.1 When appointments to the Local Firefighters' Pension Board have been made, the Scheme Manager shall publish the name of the Local Firefighters' Pension Board members, the process followed in the appointment together with the way in which the appointment supports the effective delivery of the purpose of the Local Firefighters' Pension Board.
- 7. Termination of membership of the Local Firefighters' Pension Board**
- 7.1 Any termination of membership of the Local Firefighters' Pension Board will be in accordance with the **Appointment and Termination Process**.

- 7.2 Membership of the Local Firefighters' Pension Board may be terminated due to:
- i) a member representative appointed on the basis of their membership of the scheme no longer being a scheme member of the Fund;
 - ii) an employer representative no longer holding the office or employment or being a member of the body on which their appointment relied;
 - iii) a Local Firefighters' Pension Board member no longer being able to demonstrate to the Scheme Manager their capacity to attend and prepare for meetings or to participate in required training or otherwise to carry out the requirements of the role appropriately;
 - iv) a Local Firefighters' Pension Board member having a conflict of interest which cannot be managed in accordance with the Local Pension Boards **Code of Conduct and Conflict of Interests Policy**;
 - v) a Local Firefighters' Pension Board member becomes responsible for the discharge of any function of the Scheme Manager under the Regulations;
 - vi) the Scheme Manager may at its discretion terminate the membership of a Local Firefighters' Pension Board member if it believes that it appropriate and is consistent with the role of the Local Firefighters' Pension Board to do so.

8. Conflict of Interests

- 8.1 The Scheme Manager will approve a **Code of Conduct and Conflict of Interest policy** which will be adopted by the Local Firefighters' Pension Board and which members of the Local Firefighters' Pension Board will need to abide by. Members of the Local Firefighters' Pension Board will provide any information the Scheme Manager reasonably requires from time to time to ensure that members do not have a conflict of interest.

9. Knowledge and Skills

- 9.1 In accordance with section 248A of the Pensions Act 2004 ("the 2004 Act"), every individual who is a member of a Local Firefighters' Pension Board must be conversant with:
- i) the regulations governing the FFPS; and
 - ii) any document or policy about the administration of the Fund.
- 9.2 Local Firefighters' Pension Board members should also have a knowledge and understanding of:
- i) the law relating to pensions; and
 - ii) such other matters as may be prescribed.
- 9.3 Local Firefighters' Pension Board shall adhere to the Scheme Manager's **Attendance and Knowledge and Understanding Policy** to address the knowledge and skills requirements that apply to Local Pension Board members under the 2004 Act.
- 9.4 It is for individual Local Firefighters' Pension Board members to ensure they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Local Pension Board.

- 9.5 In line with this requirement Local Firefighters' Pension Board, members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Local Firefighters' Pension Board members are therefore required to maintain a written record of relevant training and development.
- 9.6 Local Firefighters' Pension Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses. Local Pension Board members will comply with the Scheme Manager's **Attendance and Knowledge and Understanding Policy**.
- 10. Local Firefighters' Pension Board Meetings: Notice and Public Access to Pension Board Meetings and Information**
- 10.1 There will be a sufficient number of meetings to enable the Local Firefighters' Pension Board to discharge its functions effectively, as decided by the Chairman of the Local Firefighters' Pension Board with the consent of the Local Firefighters' Pension Board members, and at least one Local Firefighters' Pension Board meetings a year.
- 10.2 The Scheme Manager shall give notice to all Local Firefighters' Pension Board members of every meeting of the Local Pension Board, which will be held in public (apart from confidential matters). All members will normally be sent an agenda and papers at least five working days before the meeting unless an urgent meeting is required.
- 10.3 Any meeting of the Local Firefighters' Pension Board will include provision for confidential matters or matters that would involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the local Government Act 1972 to be dealt with privately in Part 2 and any documents in connection with such matters will be dealt with confidentially
- 10.4 The Scheme Manager shall ensure that a formal record of Local Firefighters' Pension Board proceedings is maintained. Following the approval of the minutes by the Chairman of the Local Firefighters' Pension Board, they shall be circulated to all members.
- 10.5 All agendas, reports and minutes will be available on the website except for any confidential or exempt matters.
- 10.6 The Local Firefighters' Pension Board may exclude items in agenda, reports and minutes on the grounds that disclosure would involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it is deemed confidential for the purpose of Section 100A(2) of that Act and/or it represents data covered by the Data Protection Act 1998.

- 10.7 In accordance with the Public Service Pensions Act 2013, the Scheme Manager shall publish information about the Local Firefighters' Pension Board to include:
- i) the names of the Local Firefighters' Pension Board members and their contact details;
 - ii) the representatives of employers and members of the Local Firefighters' Pension Board;
 - iii) the role of the Local Firefighters' Pension Board;
 - iv) the Terms of Reference.

11. Quorum

- 11.1 The Local Firefighters' Pension Board shall have a quorum of no fewer than two members which should always include the Chairman or the Vice Chairman, at least one employer representative and at least one member representative.

12. Local Firefighters' Pension Board Costs and Budget

- 12.1 The Local Firefighters' Pension Board is to be provided with adequate resources to fulfil its role. In doing so the budget for the Local Firefighters' Pension Board will be met from the Scheme Manager.
- 12.2 The Local Firefighters' Pension Board will seek approval from the Strategic Finance Manager, Pension Fund and Treasury for any expenditure it wishes to make.

13. Core functions of the Local Firefighters' Pension Board

- 13.1 The first core function of the Local Firefighters' Pension Board is to assist the Scheme Manager in securing compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme and requirements imposed by the Pensions Regulator in relation to the Scheme.
- 13.2 The second core function of the Local Firefighters' Pension Board is to ensure the effective and efficient governance and administration of the Scheme.
- 13.3 In support of its core functions the Local Firefighters' Pension Board may request information from the Scheme Manager with regard to any aspect of the Scheme Manager function. Any such request should be reasonably complied with.
- 13.4 The Local Firefighters' Pension Board may make recommendations to the Scheme Manager. This recommendations should be given due consideration and a response made to the Local Firefighters' Pension Board within a reasonable period of time.

14. Reporting arrangements

- 14.1 The Local Firefighters' Pension Board should report to the Scheme Manager in the first instance.
- 14.2 On receipt of a report from the Local Firefighters' Pension Board the Scheme Manager should consider and respond to the Local Firefighters' Pension Board within a reasonable period of time.

- 14.3 Where the Local Firefighters' Pension Board is satisfied that there has been a breach of regulation which is reported to the Scheme Manager and is not been rectified within a reasonable period of time the Local Firefighters' Pension Board has a duty to escalate this perceived breach
- 14.4 The appropriate internal route for escalation is the Strategic Finance Manager, Pension Fund and Treasury.
- 14.5 The Local Firefighters' Pension Board may report concerns to the FFPS Scheme Advisory Board subsequent to the internal route for escalation.
- 14.6 Local Firefighters' Pension Board members are subject to the requirement to report breaches of law to the Pensions Regulator under the Act and the Code and the whistle blowing policy of the Administering Authority

15. Local Firefighters' Pension Board Review Process

- 15.1 The Local Firefighters' Pension Board will undertake each year a formal review process to assess how well it and the members are performing with a view to seeking continuous improvement in the Local Firefighters' Pension Board's performance.

16. Advisors to the Local Firefighters' Pension Board

- 16.1 The Local Firefighters' Pension Board may be supported in its role and responsibilities through the appointment of advisors and shall, subject to any applicable regulation and legislation from time to time in force, consult with such advisors to the Local Firefighters' Pension Board and on such terms as it shall see fit to help better perform its duties including:
- i) any Governance Adviser;
 - ii) the Scheme Manager;
 - iii) other advisors as approved by the Scheme Manager.
- 16.2 The Local Firefighters' Pension Board shall ensure that the performances of the advisors so appointed are reviewed on a regular basis.

17. Code of Conduct

- 17.1 The Scheme Manager will approve a Code of Conduct and Conflict of Interest policy which will be adopted by the Local Firefighters' Pension Board and which members of the Local Firefighters' Pension Board will need to abide by.

18. Data Protection and Freedom of Information

- 18.1 The Local Firefighters' Pension Board and its members will need to comply with the Scheme Manager's Data Protection and Freedom of Information Policy.

19. Accountability

- 19.1 The Local Firefighters' Pension Board will be collectively and individually accountable to the Scheme Manager and to the Pensions Regulator.

20. Acceptance and Review of Terms of Reference

- 20.1 These Terms of Reference will be reviewed on each amendment to those parts of the Regulations covering Local Firefighters' Pension Board.
- 20.2 The Terms of Reference was adopted on 17 March 2015.
- 20.3 Version 2 of the Terms of Reference was adopted on 28 September 2015