

## Notice of Meeting

# Audit & Governance Committee



**SURREY**  
COUNTY COUNCIL

**Date & time**  
**Tuesday, 13 June**  
**2017**  
at **10.00 am**

**Place**  
Committee Room A,  
County Hall

**Contact**  
Angela Guest  
Room 122, County Hall  
Tel 020 8541 9075

**Chief Executive**  
David McNulty

angela.guest@surreycc.gov  
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We're on Twitter:  
@SCCdemocracy

**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 [angela.guest@surreycc.gov.uk](mailto:angela.guest@surreycc.gov.uk).**

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

### **Members**

Mr David Harmer (Chairman), Mr Keith Witham (Vice-Chairman), Mr Edward Hawkins, Mr Ernest Mallett MBE, Dr Peter Szanto and Mrs Fiona White

### **Ex Officio:**

Mr David Hodge CBE (Leader of the Council), Mr John Furey (Deputy Leader, Cabinet Member for Economic Prosperity), Mr Peter Martin and Mr Tony Samuels (Deputy Chairman)

## AGENDA

### 1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

### 2 MINUTES OF THE PREVIOUS MEETING [27 MARCH 2017]

(Pages 1  
- 6)

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

### 3 DECLARATIONS OF INTEREST

All Members present are required to declare, at this point in the meeting or as soon as possible thereafter

- (i) Any disclosable pecuniary interests and / or
- (ii) Other interests arising under the Code of Conduct in respect of any item(s) of business being considered at this meeting

#### NOTES:

- Members are reminded that they must not participate in any item where they have a disclosable pecuniary interest
- As well as an interest of the Member, this includes any interest, of which the Member is aware, that relates to the Member's spouse or civil partner (or any person with whom the Member is living as a spouse or civil partner)
- Members with a significant personal interest may participate in the discussion and vote on that matter unless that interest could be reasonably regarded as prejudicial.

### 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 (*6 June 2017*).
2. The deadline for public questions is seven days before the meeting (*5 June 2017*).
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

### 5 RECOMMENDATIONS TRACKER AND BULLETIN

(Pages 7  
- 14)

To review the Committee's recommendations tracker and note the Information Bulletin.

### 6 COMPLETED INTERNAL AUDIT REPORTS

(Pages  
15 - 38)

The purpose of this report is to inform Members of the Internal Audit reports that have been completed since the last meeting.

- 7 ANNUAL INTERNAL AUDIT REPORT** (Pages 39 - 88)
- This report summarises the work of Internal Audit for the period 1 April 2016 to 31 March 2017, identifying the main themes arising from the audit reviews and the implications for the County Council.
- 8 FULL YEAR SUMMARY OF INTERNAL AUDIT IRREGULARITY AND SPECIAL INVESTIGATIONS** (Pages 89 - 100)
- The purpose of this report is to inform members of the Audit and Governance Committee about irregularity investigations undertaken by Internal Audit in the period from 1 April 2016 to 31 March 2017.
- 9 ANNUAL RISK MANAGEMENT REPORT** (Pages 101 - 118)
- This report enables the committee to meet its responsibilities for monitoring the development and operation of the council's risk management arrangements. To include Leadership Risk Register.
- 10 GOVERNANCE STRATEGY AND CODE OF CORPORATE GOVERNANCE** (Pages 119 - 138)
- This report provides the committee with an update on the changes made to the council's Governance Strategy and Code of Corporate Governance.
- 11 ANNUAL GOVERNANCE STATEMENT** (Pages 139 - 152)
- This report presents the Annual Governance Statement, which provides an assessment of the council's governance arrangements for the financial year ending 31 March 2017.
- 12 COMMITTEE WORKPLAN** (Pages 153 - 160)
- Audit & Governance Committee workplan is attached for any comments, suggestions and noting.
- 13 DATE OF NEXT MEETING**
- The next meeting of Audit & Governance Committee will be on 27 July 2017.

**David McNulty**  
**Chief Executive**  
 Published: 1 June 2017

## **MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE**

Those attending for the purpose of reporting on the meeting may use social media or mobile devices in silent mode to send electronic messages about the progress of the public parts of the meeting. To support this, County Hall has wifi available for visitors – please ask at reception for details.

Anyone is permitted to film, record or take photographs at council meetings. Please liaise with the council officer listed in the agenda prior to the start of the meeting so that those attending the meeting can be made aware of any filming taking place.

Use of mobile devices, including for the purpose of recording or filming a meeting, is subject to no interruptions, distractions or interference being caused to the PA or Induction Loop systems, or any general disturbance to proceedings. The Chairman may ask for mobile devices to be switched off in these circumstances.

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 March 2017 at Members Conference Room, County Hall, Kingston upon Thames, Surrey KT1 2DN.

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

**Elected Members:**

(\*absent)

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

**Members in Attendance**

Mrs Denise Le Gal  
Mrs Linda Kemeny

**16/17 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]**

There were none.

**17/17 MINUTES OF THE PREVIOUS MEETING - 20 FEBRUARY 2017 [Item 2]**

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

**18/17 DECLARATIONS OF INTEREST [Item 3]**

There were none.

**19/17 QUESTIONS AND PETITIONS [Item 4]**

There were none.

**20/17 RECOMMENDATIONS TRACKER [Item 5]**

**Declarations of interest:**

None

**Witnesses:**

Denise Le Gal, Cabinet Member for Business Services and Resident Experience  
Linda Kemeny, Cabinet Member for Schools, Skills and Educational Achievement  
David John, Audit Performance Manager

**Key points raised during the discussion:**

1. A11/16 – Babcock 4s – Cabinet Members were invited to the meeting to explain where the Council stood with Babcock 4s in terms of the

future, bearing in mind that the Council were using their services less and less.

2. The Cabinet Member for Schools, Skills and Educational Achievement explained that this was still in transition. There was some concern with schools that did not wish to become academies. Babcock 4s contract was due to end in 2019 but the content of that contract was negotiated every year. It was confirmed that the use of Babcock was reducing and was to stop altogether from August 2017. The School Improvement Programme had been reconstructed to the autumn of 2017 and budget was going into vulnerable schools or those with most need of improvement. Discussion had been had with Babcock to identify those schools that needed improvement. She also explained that in future most grant funding from the Department for Education (DfE) would be on a bidding system whereby funds would need to be bid for. The DfE wanted all schools to be self led where councils did not organise school improvement. (A11/16)
3. When asked if the Audit & Governance Committee should continue to engage with Babcock in the way that it did the Cabinet Member for Schools, Skills and Educational Achievement explained that Babcock would be offering wider services, in competition with others. The schools service was being renewed and streamlined which would have an impact on schools going forward. There was no clear pathway how statutory services would be funded in future.
4. There was general discussion with the Cabinet Members around the increased roles and responsibilities of school governors and that there may be problems with recruitment in the future and there may also be a problem with having the correct skills mix in a set of governors. (A11/16)
5. The Cabinet Members advised the Committee that there should be a clearer picture in six months time if they wished to revisit the question on their engagement with Babcock 4s. (A11/16)
6. Tracker A4/17 – It was noted that a response had not yet been received, from the Cabinet Member for Highways, Transport and Flooding, in regards to the Chairman's letter concerning the Lot 5 contract. One Member did point out that problems were not only due to the contractor but the Council were also at fault for having an incomplete drainage system online.
7. Tracker A3/17 – Health & Safety - The Audit Performance Manager reported that systems had been revised and tested and all agency staff can access. Therefore, everyone who works for the Council would be trained as appropriate.
8. Tracker A2/17 – cyber security – The Audit Performance Manager reported that the Council's system was of a higher specification than the new one but that the Council would still buy into it to widen functionality.

**Action/Further information to note:**

Committee Manager to expedite a response from the Cabinet Member for Highways, Transport and Flooding – Tracker A4/17.  
Delete tracker items as they were completed: A3/17, A2/17 and A14/16.

**Resolved:**

That the committee notes the report.

**21/17 LEADERSHIP RISK REGISTER [Item 6]****Declarations of interest:**

None

**Witnesses:**

Nicola O'Connor, Finance Manager

**Key points raised during the discussion:**

1. The Finance Manager outlined the changes in the report since the last meeting which were contained in paragraph 5 of the report.

**Actions/ further information to be provided:**

None

**Resolved:**

That the Committee notes the report.

**22/17 PENSION FUND ACCOUNTS EXTERNAL AUDIT 2016/17 [Item 7]****Declarations of interest:**

None

**Witnesses:**

Phil Triggs, Strategic Manager Pensions and Treasury  
Ciaran McLaughlin, Engagement Lead, Grant Thornton

**Key points raised during the discussion:**

1. The Strategic Manager, Pensions and Treasury, introduced the report and highlighted the risks identified by Grant Thornton but explained that they were not specific to Surrey County Council but for all local authority pension fund financial statements.
2. The Grant Thornton representative highlighted changes in the plan around developments, challenges and financial reporting. In response to a Member query he explained that external audit looked at investments coming in and how the Council had valued those investments. They did not give opinion on contributions.
3. In response to another Member query it was confirmed that Grant Thornton receive a copy of all completed internal audit reports.

**Actions/ further information to be provided:**

None

**Resolved:**

That the external audit plan as attached to the submitted report was approved.

**23/17 BREACHES POLICY FOR THE FIREFIGHTERS PENSION SCHEME [Item 8]****Declarations of interest:**

None

**Witnesses:**

Neil Mason, Senior Advisor Pension Fund

**Key points raised during the discussion:**

1. The Senior Advisor introduced the report and explained that the Governance Framework was created by the Pension Act. In response to a Member query it was said that the Scheme would be published on the Fire Service website and shared with unions and the administration team.

**Actions/ further information to be provided:**

None

**Resolved:**

That the Breaches of Law Policy and Guidance, included as Annexes 1 to 5 of the submitted report, be approved.

**24/17 INTERNAL AUDIT PLAN [Item 9]****Declarations of interest:**

None

**Witnesses:**

David John, Audit Performance Manager

**Key points raised during the discussion:**

1. The Audit Performance Manager introduced the Annual Internal Audit Plan for 2017/18 explaining that under-pinning the work of the Internal Audit team in delivering the Annual Internal Audit Plan were the key principles and objectives as set out in the Internal Audit Charter and Strategy. These were presented alongside the Annual Internal Audit Plan for 2017/18 as good practice dictated that these should be updated and reviewed on an annual basis. Also included in the report were the updated Internal Audit Reporting and Escalation Policy and Quality Assurance and Improvement Programme as required by the Public sector Internal Audit Standards (PSIAS).
2. It was reported that the Escalation Policy would be reviewed through the year as the team joined Orbis and that key officers and Members would review reports in the same way.
3. The Audit Performance Manager also pointed out that the reduced number of audit days was due to staff changes and that management time had been reduced rather than actual audit time. He also said that the Audit Plan would come back to Committee in the autumn once the staffing had settled.
4. In response to one Member's concern regarding the potential loss in the level of detail when the Council joined with other authorities the Audit Performance Manager stated that audit team would continue working to each sovereign authority.

**Actions/ further information to be provided:**

None



**Resolved:**

That the following annexes to the submitted report be approved:

- a) Internal Audit Charter (Annex A)
- b) The Internal Audit Strategy (Annex B)
- c) The Internal Audit Reporting and Escalation Policy (Annex C)
- d) The Internal Audit Quality Assurance and Improvement Programme (Annex D)
- e) 2017/18 Internal Audit Plan (Annex E)

**25/17 COMPLETED INTERNAL AUDIT REPORTS [Item 10]****Declarations of interest:**

None

**Witnesses:**

David John, Audit Performance Manager

Nicola O'Connor, Finance Manager

**Key points raised during the discussion:**

1. The Audit Performance Manager introduced the report and stated that there had been much improvement in the foster care. He also confirmed that academies were included in the audit sample for safeguarding in education.
2. In response to a Member query about how the sample were chosen for safeguarding in education audit the Audit Performance Manager explained that there were many factors taken into consideration including: what the audit was to look at, geography, need, who was available and not choosing the same schools each time.
3. In response to a Member query about whether schools were on the risk register the Finance Manager confirmed that this would be on the service risk register.

**Actions/ further information to be provided:**

None

**Resolved:**

That the Committee notes the report.

**26/17 DATE OF NEXT MEETING [Item 11]**

The date of the meeting was noted.

The Chairman thanked officers and Member of the Committee for their work and support to the Committee.

Meeting ended at: 11.25 am

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**Chairman**

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Audit & Governance Committee  
13 June 2017

**Recommendations Tracker and Information Bulletin**

**PURPOSE OF REPORT:**

For Members to consider and comment on the Committee's recommendations tracker. To note the Information Bulletin.

**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 May version of the Audit & Governance Committee Bulletin is attached as Annex B for information.

**RECOMMENDATION:**

The Committee is asked to monitor progress on the implementation of recommendations from previous meetings in Annex A.

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**REPORT CONTACT:** Angela Guest, Regulatory Committee Manager  
020 8541 9075  
angela.guest@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
A4/17	20/02/17	Completed Internal Audit reports - Highways	Chairman to write to the Cabinet Member, copy to the Leader, regarding the committee's concerns on the renewal of the highways contract.	Chairman	Letter sent to Cabinet Member on 13 March. <b>April 2017 - Cabinet Member sent a response to committee members.</b>
A1/17	20/02/17	Audit for Surrey Choices	New committee to invite new MD of Surrey Choices/Shareholder Board to next meeting of A&G	Chairman	
<b>A11/16</b>	5/12/16	Babcock 4S – directors report & financial statement	The Chairman to write a letter to the cabinet member for business services and resident experience regarding the committee's concerns	Chairman	A response from the cabinet member for business services and resident experience had been received by the Chairman and emailed to all members of the committee. The council's position with Babcock 4s was still unclear. Cabinet Members attended March 2017 meeting of the committee. <b>27/3/17 - The Cabinet Members advised the Committee that there should be a clearer picture in six months' time if they wished to revisit the question on their engagement with Babcock 4s</b>

## Audit & Governance Committee Recommendations Tracking

Number	Meeting Date	Item	Recommendation / Action	Action by whom	Action update
A8/16  Merged A20/15 A43/15 -Dec 2016	28/05/15 7/12/15	Completed Internal Audit Reports Internal Audit Half Year Report 2915/16	<ul style="list-style-type: none"> <li>record keeping for accounts relating to individuals' care charges</li> <li>outstanding financial assessments.</li> </ul>	Chairman	<p>Members from Audit &amp; Governance Committee were invited to attend the Social Care Services Board on 26 October to take part in discussions on this item. Denis Fuller and Tim Hall attended as did Saj Hussain who is a member of SCSB.</p> <p>Jan 2017 – Committee agreed to keep on the tracker for the new committee.</p> <p><b>May 2017 – An audit is currently taking place so depending on outcome committee may wish to delete this item from the tracker.</b></p>
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	<p>SEND Strategy 2020 and development plan agreed and published.</p> <p>A formal multi-board group set up to monitor the four workstreams of the plan. The Boards involved will be SCS, ESB and REB. The Education &amp; Skills Board and the Social Care Services Board and the Wellbeing &amp; health Scrutiny Board have submitted a task group scoping document to COB for approval at its September meeting.</p> <p>At the July meeting of A&amp;G it was agreed to keep this on the tracker and to monitor the four workstreams of the multi board.</p> <p>A copy of the notes from the first SEND Multi Board meeting were sent to members of the committee 1/3/2017</p> <p>March 2017 – A&amp;G agreed to keep this on the tracker in order to inform the post-election members.</p> <p><b>May 2017 – An audit is currently taking place so depending on outcome committee may wish to delete this item from the tracker.</b></p>

# 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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## Internal Audit update

<b>Current Audits</b>	<p>The following audits are currently in progress or at the planning stage:</p> <ul style="list-style-type: none"> <li>• Organisational Ethics</li> <li>• Capital Expenditure Monitoring</li> <li>• Revenue Budgetary Control</li> <li>• Financial Assessments and Benefits</li> <li>• No Recourse to Public Funds</li> <li>• Deprivation of Liberty</li> <li>• Savings/Budget Pressures</li> <li>• IMT Useage Policy</li> <li>• Open-up IMT Security Programme</li> <li>• Public Consultation</li> <li>• General Data Protection Regulation</li> <li>• Social Media</li> <li>• Unaccompanied Asylum Seeking Children</li> </ul> <p>Members are encouraged to contact either Simon White (<a href="mailto:simon.white@surreycc.gov.uk">simon.white@surreycc.gov.uk</a>) or David John (<a href="mailto:david.john@surreycc.gov.uk">david.john@surreycc.gov.uk</a>) if they have insight they wish to contribute to the above audit reviews.</p>
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<b>Counter Fraud Work</b>	<p><u>National Fraud Initiative (NFI)</u> – the results of the Cabinet Office’s NFI exercise have been received and work continues to analyse the 27,000 data matches within the reports.</p> <p>A full summary of proactive counter fraud work is contained in the full year irregularity report presented to the June Committee.</p>
<b>Orbis Partnership</b>	We continue to have successful joint working relations with our partners at East Sussex and Brighton.
<b>Internal Audit Plan 2017/18</b>	The Audit and Governance Committee approved the 2017/18 audit plan on 27 March 2017 and work has begun on a number of audits in Quarter 1.
<b>Staffing News</b>	The appointments process for the Orbis Finance Leadership posts has now been completed and Russell Banks has been appointed as Chief Internal Auditor for the Orbis IA service. Graham Liddell, Head of Internal Audit for Brighton & Hove City Council, will also form part of the Leadership Team in a new capacity as Head of Finance (Technology and Process Improvement).

## Petitions

**The Committee will received information on petitions reaching 1,000 or more signatories. This if for information only to inform you of the big concerns of residents.**

End date	24 May 2017
Petition Prayer	Abolish plans to switch of street lighting overnight
Where/when decision will be made	Cabinet Member for Highways - 15 June 2017
outcome	TBC

## 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 <a href="#">27</a> March 2017, the Cabinet considered the following reports:</p> <ul style="list-style-type: none"> <li>• Medium Term Financial Plan 2017 - 2020 and Sustainability Review Board report</li> <li>• Investment Strategy Review</li> </ul> <p>At its meeting on <a href="#">27</a> April 2017, the Cabinet considered the following report:</p> <ul style="list-style-type: none"> <li>• Financial Budget Out Turn 2016/17</li> </ul>
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Surrey Pension Fund Committee	At its meeting on <a href="#">2</a> June 2017, the Surrey Pension Fund Committee will be considering the following reports: <ul style="list-style-type: none"><li>• Investment Strategy Statement</li><li>• Actuarial Valuation 2016: Outcome</li><li>• Pension Fund Business Plan 2016/17: Outturn Report</li></ul>
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## Upcoming

The second induction training session for the new committee will be held on 24 July 2017.

The next meeting of the Audit & Governance Committee is on 27 July 2017.

## Committee Contacts

Tim Evans - Committee Chairman

Phone: 020 7196 5894

[tim.evans@surreycc.gov.uk](mailto:tim.evans@surreycc.gov.uk)

Angela Guest – Committee Manager

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**AUDIT & GOVERNANCE COMMITTEE**  
 13 June 2017

**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 March 2017 - 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 12 audit reports issued since the last report to this Committee in February 2017. 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	Adecco Contract Management	Some Improvement Needed	None
2	Review of Pension Administration	Significant Improvement Needed	7
3	Review of Accounts Payable	Some Improvement Needed	None
4	Overseas Pensioner life certification	Effective	None
5	CSF Improvement Plan	Some Improvement Needed	None
6	Better Care Fund – Commissioning and Delivery	Some Improvement Needed	None

7	Stop Smoking service	Some Improvement Needed	1
8	SEN Expenditure within Maintained schools	Some Improvement Needed	None
9	ASC Quality Assurance	Some Improvement Needed	None
10	Youth Services follow-up audit	Significant Improvement Needed	5
11	Highways – Commissioning & Delivery Model	Some Improvement Needed	3
12	Control Risk Self-Assessment of Governance Policies and Processes	Some Improvement Needed	None

- 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.

#### **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.

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**REPORT AUTHOR:** David John, Audit Performance Manager

**CONTACT DETAILS:** telephone: 020 8541 7762 e-mail: david.john@surreycc.gov.uk

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

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Adecco Contract Management	Adecco replaced Manpower as provider of temporary / agency staff in February 2016.	<p>Adecco are performing satisfactorily although there were still a few issues with fulfilment, vetting, supply chain and accuracy of data on the Adecco database (Beeline).</p> <p>Preparation needed to be timetabled for the introduction (in April 2017) of necessary changes to practice following revised HMRC legislation for agency workers in the Public Sector</p>	Some Improvement required	<p>The key recommendations are summarised as follows:</p> <ul style="list-style-type: none"> <li>• Arrangements should be made to establish periodic meeting of service co-ordinators to discuss Adecco performance and issues arising (M) A standard issues logging procedure should be established across all Directorates (M)</li> <li>• Long outstanding open orders should be regularly reviewed and discussed with Adecco. (M)</li> <li>• Adecco should be asked to provide a regular status report on supply chain progress (i.e. sub-contracting other agencies). (M)</li> <li>• Buying Solutions team should reject requisitions for agency workers using agencies outside the Adecco Contract, unless authorised by Head of HR and OD (M)</li> <li>• All necessary tasks and deadlines for achieving compliance with HMRC Intermediary legislation (IR35) should be timetabled and actioned (M)</li> <li>• Beeline system access rights should be reviewed regularly (M)</li> </ul>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Pension Administration	<p>Surrey County Council (SCC) is responsible for administering the Surrey Pension Fund (SPF) as per the rules of Local Government Pension Scheme (LGPS). SPF membership includes employees from SCC and &gt; 200 organisations of Scheduled and Admitted Bodies. The SPF does not include teachers, police and fire fighters for whom separate pension arrangements apply.</p>	<p>Guidance from Central Government on changes to Pension Regulations following the introduction of Career Average Re-valued Earnings (CARE) Scheme from April 2014 was delayed and complicated.</p> <p>Pension Administration Team responsible for administering SPF has undergone a number of changes since October 2014 including expansion which were not managed effectively. These have led to the build up of backlog of work and an increase in unresolved queries and customer complaints.</p> <p>Newly recruited staff after the consultation were not given formal training, but as before, the more experienced staff were training the new staff on the job. There are no upto date procedure notes in place for new staff to use and follow.</p> <p>Certification of overseas pensioners work was in progress during this audit and found discrepancies between information held in Altair and SAP.</p>	Significant Improvement Needed	<p>Senior management should ensure that the effects of changes to pension regulations and team expansion are managed effectively by</p> <ul style="list-style-type: none"> <li>• resourcing the team with the required technical skills (H);</li> <li>• implementing clear communication to members to demonstrate transparency of operations and keep the levels of dissatisfaction and complaints down (H);</li> <li>• introducing self-service facilities as proposed (H);</li> <li>• investing in formal training for new and existing staff (H);</li> <li>• managing staff performance adequately to introduce accountability (H);</li> <li>• achieving the objectives in full, set out in the Consultation Document (H);</li> <li>• introduce a formal approval process with a clear business plan &amp; risk assessment for any new work in the future (M); and</li> <li>• The SPFC and SLPB should be informed of the impact of new work (M).</li> </ul>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Pension Administration (cont'd)		<p>Customer Complaints recorded on a Lotus Notes database (out of date system) was not reviewed or shared with senior officers.</p> <p>A Pension Helpdesk was piloted in January 2016 and established in March 2016.</p> <p>Pension payroll is expected to be migrated from SAP to Altair by August 2017.</p> <p>The Surrey Pension Fund Committee (SPFC) and the Surrey Local Pension Board (SLPB) received regular reports on the pension fund risk register and the key performance indicators (KPI) on a quarterly basis. However, a separate risk register for pension administration was not maintained to capture and manage the risks of the team. KPIs reported were also not comprehensive to inform the team's performance.</p> <p>The auditor also noted that both committees were assured of improvements to team's performance after quarter 2 of 2016/17 which had not happened.</p>		<p>The work done by the Pension Help Desk should be developed and reported on a regular basis to senior management, SPFC and SLPB as required (H).</p> <p>All of the member details should be correctly migrated when the data is transferred from SAP to Altair when Altair becomes the single system for Pension Administration later this year and maintained thereafter (M).</p> <p>The KPIs for SPF should be re-defined to include additional pertinent KPIs such as the Transfers-In and Transfers-Out for members of the LGPS as these are not currently reported. It is acknowledged that KPIs have been developed for all of the funds administered by SCC, but the auditor did not verify these as it was outside the scope of the audit (H).</p> <p>A separate risk register to highlight the risks of the Pension Administration Team should be developed, maintained and reported to the SPFC and SLPB as required (H).</p>

## Completed Audit Reports (March - May 2017)

## Annex A

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Accounts Payable	<p>Invoices and other payment requests are approved for payment using various originating applications and include SAP, council's financial ledger, ContrOCC (used by Adult Social Care (ASC) and Children, Schools and Families (CSF) directorates), Property Asset Management System ((PAMS) used by Property), and Mobisoft (used by Transport).</p> <p>All approved payments are posted to SAP and released by the Payments Team for payment by Banker's Automated Clearing Services (BACS) transfer or cheque. There were 2 changes during 2016/17, namely re-classification of SAP document types and the introduction of e-invoicing portal.</p>	<p>The Payments Team are processing matched invoices and payment requests efficiently and effectively.</p> <p>There have been recent issues with parked invoices, as they cannot be paid because they do not match details of goods or services received, or where prices are different to those stated on the purchase order (PO) with most belonging to CSF.</p> <p>There have also been issues with Goods Received Not Invoiced (GRNI). The value of goods received before 1 January 2017 for which no invoice had been posted totalled £2.36m, and £1.42m of this was for CSF.</p> <p>The Payments Team report the percentage of all invoices that are paid within 30 days of receipt. For February 2017, this figure was 89% which is below the target of 93% and parked invoices and GRNI contribute to the delays in payment.</p> <p>From April 2017, SCC will be obliged to publish the interest payable on late payment. For February 2017, this figure was estimated as £67,907.</p>	Some Improvement Needed	<p>The invoice match target rate should be increased to at least 92% (L).</p> <p>The Payments Team and shoppers in all directorates in general, and in Children, Schools and Families (CSF) directorate in particular, must continue to work closely and target a significant reduction in the number of parked invoices (M).</p> <p>Invoices that are overdue for more than three months should be identified and obtained from the relevant contractors (M).</p> <p>All services in general, and those within CSF directorate in particular, must target a significant reduction in the value of Goods Received Not Invoiced (GRNI) category by taking appropriate and timely investigative and clearance action, supported by the Payments Team and members of the Finance Department (M).</p> <p>The error in the interest rate applied to late payment interest calculations should be checked to ascertain whether it is in line with Government guidance (M).</p> <p>The risk of claims for late payment should be added to the Business Operations Risk Register and managed by encouraging services to avoid late payments (L).</p>



Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Accounts Payable (cont'd)		<p>The introduction of Taulia has been successful making the audit trail more visible, with some vendors posting invoices against the wrong PO number as the correct PO is yet to be created. This may have contributed to the increase in parked invoices and potentially exposed previous poor practices. Better vendor compliance and the need to raise POs in advance of delivery of goods or services are required.</p> <p>Routines for uploading payments into SAP from other systems are heavily reliant on one SAP Developer and as such, training of back-up staff may be beneficial.</p> <p>The list of suppliers whose invoices are subject to “2-way match” exempt from goods receiving control, is not readily available.</p>		<p>Staff must raise Purchase Orders (PO) in advance of services being requested and vendors using Taulia must be reminded to post invoices only against the authorised PO numbers (M).</p> <p>The Procure to Pay Process Owner should liaise with the Finance Systems and Process Improvement Manager to consider whether there should be more Business Operations involvement in uploading invoice data from other systems (L).</p> <p>The list of suppliers approved for “two-way match” processing should be confirmed and reviewed, and the criteria for inclusion on the list should be re-stated (L).</p>

## Completed Audit Reports (March - May 2017)

## Annex A

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Overseas Pensioner life certification	<p>Surrey County Council as the Administering Authority for members of the Surrey Pension Fund (SPF) within the Local Government Pension Scheme (LGPS) undertakes many checks. For pensioners residing overseas, SCC is responsible for undertaking regular checks to ensure that there is no misuse of public funds.</p> <p>In 2015/16, total payment of £131m was made to over 23,000 pensioners.</p>	<p>All 455 pensioners residing overseas were sent a verification form which needed to be completed and certified by a professional to confirm that the pensioner is alive.</p> <p>The overall response rate of verification was in excess of 97% where 443 out of 455 requests were completed and returned. Of the 12 outstanding responses, one member is terminally ill as informed by the family in February 2017. Pension payments to the remaining 11 pensioners who receive £2k in total as monthly pension payment have been suspended with effect from 1 May 2017.</p> <p>There have been no changes to the pension payment process since the last audit. Changes to pensioner circumstances communicated during the audit were actioned by the auditor and/or referred to the Pension Administration Team for further action. Preferences suggested by pensioners in their feedback such as electronic confirmation instead of by post and improvements to translation of verification letters in other languages have been noted for future audit work in this area.</p>	Effective	None

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
<p>CSF Improvement Plan</p>	<p>Between July and November 2016 Internal Audit was asked to review a number of key strands of service delivery to provide assurance that progress had been made since the original Ofsted inspection.</p> <p>The three areas reviewed were:</p> <p>Quality Assurance Missing Children Care Leavers</p> <p>Further checks on progress made against those individual audits were made in the last quarter of 2016/17 and an overarching report was published in May 2017.</p>	<p><u>Quality Assurance:</u> The Auditor is satisfied that appropriate steps have been taken to enable more effective member scrutiny across the Directorate. Internal Audit has provided feedback on the new Quality Assurance Framework and Approach.</p> <p><u>Missing Children:</u> The processes for collecting data about children who go missing are well-established and considered satisfactory.</p> <p>There has been very good progress towards ensuring that all children returning from a missing incident are offered a Return Home Interview (RHI). A contract is in place with a specialist charity (Missing People) to carry out up to 45 RHIs per week.</p> <p>The current coverage rate is around 80-85%, so further efforts are required to achieve full coverage.</p>	<p>Some Improvement Needed</p>	<p>None.</p> <p>Any past recommendations made by Internal Audit during the original reviews have been assimilated into business as usual practices.</p>

Completed Audit Reports (March - May 2017)

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Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
CSF Improvement Plan (cont'd)		<p><u>Missing Children cont.</u>            An update against recommendations made in the original audit was in March 2017. This demonstrates that appropriate actions have been taken against the recommendations to ensure issues identified were addressed.</p> <p>The completion of missing incident fields in LCS has been addressed, and since January 2017 Missing Children episodes are completed by a dedicated worker in the MASH. QA work around the MASH has also been undertaken in February/March 2017.</p> <p>Lower priority issues around internal guidance and desk instructions, including a formal definition of the term 'runaway', have been addressed. There has also been a clarification to the Memorandum of Understanding between Children's Homes and Surrey Police around children in foster care.</p>	Some Improvement Needed	<p>None.</p> <p>Any past recommendations made by Internal Audit during the original reviews have been assimilated into business as usual practices.</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
CSF Improvement Plan (cont'd)		<p><u>Care Leavers:</u> As at the end of October 2016, the council supported approximately 490 care leavers, who are assigned a Personal Adviser (PA) on transferring into the service.</p> <p>The majority of the records reviewed indicate that PAs were contacting the young person within the statutory eight week period.</p> <p>Audit testing established that only one record included a health history, suggesting the process was not fully effective at that time. This was of concern specifically given that this was identified by the Ofsted Inspection as a specific area requiring improvement.</p> <p>Sufficient time has now elapsed for this process to become embedded as 'business as usual' and we have received verbal assurance that the records are now routinely complete in this regard.</p>	Some Improvement Needed	<p>None.</p> <p>Any past recommendations made by Internal Audit during the original reviews have been assimilated into business as usual practices.</p>

**Completed Audit Reports (March - May 2017)**

**Annex A**

<b>Audit</b>	<b>Background to review</b>	<b>Key findings</b>	<b>Audit opinion (1)</b>	<b>Recommendations for improvement (Priority) (2)</b>
<p>Better Care Fund: Commissioning and Delivery</p>	<p>The Better Care Fund is a national programme designed to promote health and social care integration. The Surrey BCF is hosted by Surrey County Council (SCC). The fund approved for 2016/17 totalled £66.175m.</p> <p>2016/17 expenditure consists of 235 schemes led by either SCC or CCGs. The audit focuses on commissioning and delivery, looking at how schemes were approved, how they are managed, monitored and scrutinised, and how effective they are in terms of achieving better integration and helping to meet strategic objectives.</p>	<p>Three out of seven agreements were not signed until October 2016 and two (East Surrey and Windsor Ascot &amp; Maidenhead) were not signed until February 2017</p> <p>Scheme funds of £66.176m have not been spent as originally planned, with expenditure currently forecast at £65.262m. Budgets were revised during the year to set aside a contingency to be used by CCGs only if there were increases in non-elective admissions costs.</p> <p>There have been other notable over-spends (e.g. community equipment stores and telecare) and under-spends (e.g. Universal Benefits and PPP funding). Whilst variances are being managed effectively, narrative about the purpose and objectives/outcomes of projects is not transparent in all cases.</p> <p>Planning guidance from NHS England for the years 2017/18 and 2018/19 was originally expected in December 2016, but this has not yet been issued and is well overdue.</p>	<p>Some Improvement Needed</p>	<p>Continuing efforts should be made to ensure that next year's Section 75 agreements are signed as soon as possible after plans are agreed (L)</p> <p>Consideration should be given to adding brief details of each scheme's objectives on fund planning and monitoring spreadsheets, along with the name of lead commissioners (L).</p> <p>Although ASC management have already made some contingency arrangements, further delays in receiving planning guidance from NHS England may create further severe disruption for staff involved in BCF planning. (L)</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Better Care Fund: Commissioning and Delivery (cont'd)		Review of minutes from Local Joint Commissioning Groups (LJCG) confirmed that BCF matters were covered to varying degrees at most, but not all meetings. Surrey Heath, NW Surrey and Surrey Downs LJCG meetings usually included a BCF progress/update report in the minutes, whilst Guildford & Waverley usually included a BCF Finance Report.	Some Improvement Needed	A BCF update report referencing monthly finance reports and quarterly metrics reports should be included in all LJCG meeting agendas and minutes; and all minutes should be retained for reference. (L)

## Completed Audit Reports (March - May 2017)

## Annex A

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
<p>SEND Expenditure within Maintained Schools</p>	<p>In September 2014 new legislation around provision for pupils with special educational needs and disabilities came into effect; SEND '14. The new legislation is designed to enable parents, carers, children, young people; practitioners and professionals to see which services and support across education, health, and social care are available locally for all children and young people who have SEND.</p> <p>The purpose of the audit was to seek assurance that key controls are in place to ensure:</p> <ul style="list-style-type: none"> <li>-SEND funding is used for its intended purpose; and</li> <li>- Compliance with SEN Code of Practice.</li> </ul>	<p>All schools have a statutory duty to publish a SEN Information Report and update it annually. Of the eight schools visited one has not published their Information Report and three reports have not been updated. Furthermore, five schools did not include information or a link to Surrey's Local Offer.</p> <p>SENCO leadership and management varies within the schools; the SENCOs in five of the schools are part of their Senior Leadership Team (SLT). In the remaining three schools, the SENCOs report directly to their Head Teacher but are not part of the SLT. Feedback was provided locally to the schools regarding best practice as per the Code of Practice, which states that there is an expectation that the SENCO is part of the SLT, to work strategically with senior colleagues and governors to develop SEN policy and provision within the school.</p> <p>A review of the available Information Reports established that they varied in the quality of the content.</p>	<p>Some Improvement Needed</p>	<p>The service should remind schools of their statutory duty to publish an annual SEN Information Report (M).</p> <p>The service considers devising a standard Information Report Template as an exemplar of good practice to aid schools in meeting their statutory duty (L).</p> <p>The service should provide guidance and advice to schools on writing a provision map (L).</p> <p>The service should circulate a reminder to all schools on the requirements of the SEN Code of Practice (L).</p>



Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Stop Smoking	<p>An independent review of the council's in house Stop Smoking Service found it did not meet all national requirements. A contract was let for an expanded service to Quit 51 with the aim of improving performance. The contract commenced on 1 February 2016 for 3 years, extendable up to 5 years. The audit sought to give assurance on the contract management arrangements.</p>	<p>The level of contract monitoring is appropriate. The contractor has made some good progress, for example in contacting smokers from traditionally hard to reach groups. The overall number of users, however, is lower than expected and it is not clear that the contractor has adequate plans to correct this.</p> <p>The contract payment schedule is split in value by 50% for core work and 50% for incentive performance indicators (PIs). This was designed to ensure the contractor is incentivised to help target groups benefit from the new service. The incentive element is only payable if all the core PIs are met. This approach envisaged the contractor meeting the core PIs reasonably quickly and consistently so the incentive PIs would take effect. However, as the core PIs have not yet been met there is a risk the incentivised PIs become irrelevant and the envisaged benefits of the contract are not realised.</p>	Some Improvement required	<p>The contractor must be required to produce a resourced and timed improvement plan setting out how the core PIs will be met in a reasonable timescale (H)</p> <p>The contractor should be required to assess the risks to successfully implementing their plan (M)</p> <p>The requirement to meet all core PIs before incentive PIs are considered should be reviewed to explore whether some leeway would more fairly reward and incentivise the contractor (M)</p> <p>The contract manager's request for access to the contractor's system should be escalated (M)</p>

Completed Audit Reports (March - May 2017)

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Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
ASC Quality Assurance	<p>The purpose of the audit was to form a view on the effectiveness of the existing Quality Assurance (QA) processes in Adult Social Care in relation to regulated care services and supported living for adults.</p>	<p>QA visits to providers are mostly reactive, informed by risk and concerns raised by individuals. Whilst such engagement occurs in varying degrees during a visit, there is no formal central repository to record concerns from users, care groups and stakeholders.</p> <p>A core responsibility is to conduct a monitoring visit to all 7 strategic Home Based Care providers during the life of the contract – one visit is currently outstanding and needs to be completed before October 2017.</p> <p>Some of these issues are currently being addressed by the team through a proposed QA Information Sharing System, to be implemented by April 2018. To mitigate against the risk of delay in this project, robust recording practices should be embedded in the interim period.</p>	Some Improvement Needed	<p>The service should develop processes to promote change and improvement per their statement of purpose, which should address the issue of stakeholder feedback (M)</p> <p>A formal note of core areas to be assessed during a monitoring visit should be developed, including a review of locally held incident and accident logs (M)</p> <p>The team should fulfil its responsibility to visit the one remaining strategic provider before the end of October 2017 (M)</p> <p>The service should embed a practice of centrally recording intelligence, prior to the implementation of the new QA Information Sharing System (M)</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Youth Services-Follow up	The audit is the follow up to the Youth Services report published in July 2016 where significant control weaknesses were identified.	<p>The service is in the middle of a restructure and as a result there was no clarity on the proposed organisational structure and governance arrangements. This could negatively impact the service operationally.</p> <p>On a number of occasions it was evident that officers were not retaining invoices, not allocating VAT appropriately and description and allocations of items purchased was incorrect.</p> <p>Although cash handling guidelines have been issued further controls are required around the practice of passing cash between colleagues.</p> <p>IT equipment had been purchased directly from mainstream retailers rather than through SRM. This is not in compliance with the Procurement Standing Orders.</p>	Significant Improvement needed	<p>Governance arrangements around the new Family Services should be established even if in a 'planning' phase as without this framework and direction front line compliance issues could arise. (H)</p> <p>More training is required to ensure officers are aware of what is regarded as a valid supporting document for purchases, descriptions and allocations are correct and where VAT can be claimed or not. (H)</p> <p>Centres that receive cash should issue a receipt for any monies received. Likewise any cash transferred between officers should be recorded. As yet these practices need to be established across the centres. (H)</p> <p>SRM should be used for purchases where possible. All IT purchases should be made using the support of the IT team. (H)</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Youth Services- Follow up (cont'd)		<p>Although procedure notes had been issued to staff on compiling the inventory and asset tagging, observations on site found that a significant number of items had been omitted especially new purchases.</p> <p>The service provide a log of 40 numbers which were allocated to service staff however a review of charges on SAP found that the service was paying for up to 175 different mobile numbers.</p> <p>Registration with local authorities is currently underway to register centres as a food business for food hygiene purposes. This had however not been addressed for satellite centres.</p> <p>The attendance app has been found to be of limited use in relation to its original purpose as a real time record of young people in attendance at a centre.</p>		<p>Uniformity in practice should be monitored to ensure that each centre consistently applies guidance issued by service managers. This relates to registration forms in use, session recording sheets and practices around inventory recording and tagging as well as PAT testing. (H)</p> <p>The service should review current telecommunication charges to confirm the validity of the charges. (M)</p> <p>Appropriate arrangements should be made to ensure that satellite centres achieve the same level of food compliance as regular centres. (M)</p> <p>A formal business case should be put together for any further investments into the app. This should be formally approved by senior management. (M)</p> <p>Consideration of risks should be high on the agenda with regular discussions taking place with the risk representative on current and emerging risks. (M)</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Highways – Commissioning & Delivery Model	<p>The purpose of this audit was to provide assurance that the Commissioning and Delivery Model has been appropriately implemented; that there are quantifiable improvements in communications; that costs are adequately controlled, and that Members are enabled to exercise effective scrutiny and input to the design process of agreed ITS projects, where applicable.</p>	<p>The ETCI system used for recording time and allocating costs is not fit for purpose, in particular lacking effective reporting functionality. User requests are not actioned by IT &amp; Digital in a timely manner.</p> <p>It was highlighted that there is no discrete contract management unit within Highways. Disputes between SCC / Kier around the agreed rates for Traffic Management highlighted the need to communicate and centrally store operationally agreed contractual changes. A revised schedule of rates (arising from the Lot 1 contract extension) may result in differing prices for the same item and may impair effective budgetary control. Contingencies are not always included for complex schemes.</p> <p>Failures in relation to historic schemes may not have been fully resolved – the final account has still not been completed for the Walton Cyclepath scheme, and quality issues were noted to the Toshiba Roundabout scheme.</p>	Some Improvement Needed	<p>Management should consider carrying out a review of the ETCI system to ensure that it remains fit for purpose within the Highways service. Management should request an amended SLA for ETCI, and seek assurances that user requests are actioned in a timely manner. (H)</p> <p>Management should ensure that all operationally agreed changes to contracts are appropriately stored, communicated and recorded. Management should review contract management arrangements within the Works Delivery Group and consider whether value for money is being achieved via present contractual arrangements for ITS project delivery. (H)</p> <p>Management should note the detailed findings raised in relation to the schemes tested, and consider whether improvements to contract management, variation order and Roadzone/IMS processes are warranted. (H)</p>

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Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Highways – Commissioning & Delivery Model (cont'd)	<p>The purpose of this audit was to provide assurance that the Commissioning and Delivery Model has been appropriately implemented; that there are quantifiable improvements in communications; that costs are adequately controlled, and that Members are enabled to exercise effective scrutiny and input to the design process of agreed ITS projects, where applicable.</p>	<p>Inappropriate use of Variation Orders in some instances. No process to reconcile VOs to Roadzone system, or to ensure that VOs processed through Maximo are fully itemised. Correspondence not held centrally and may not constitute effective Records Management.</p> <p>Although the Highways Updates to Local Committees reviewed were satisfactory, those for the NE Area Team appeared to contain more detail and costing data for Members to consider. There was no system to monitor ITS project performance on a countywide basis and thus form a view on overall effectiveness.</p> <p>The effectiveness of Local Committee scrutiny and decision making may be impaired by uncertainty over budgets and the resulting inability to plan complex schemes over a multi-year period.</p> <p>Concerns were raised about the resourcing of the central design team which may impact performance. Documented IT issues further decrease efficiency / productivity.</p>	Some Improvement Needed	<p>(see above)</p> <p>Management should consider reviewing reports from all Area Teams to their responsible Local Committees to consider whether all appropriate information is reported and whether best practice can be standardised. Management should consider implementing a system to monitor ITS project progress on a countywide basis. (M)</p> <p>Management should consider preparing an options analysis for the Cabinet Member to consider improvements to the current system of Local Committee budgeting. (M)</p> <p>Management should consider the findings regarding the functioning of the design team and determine if any action is necessary, particularly in terms of the concerns highlighted regarding resourcing and IT functionality. (M)</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Highways – Commissioning & Delivery Model (cont'd)	<p>The purpose of this audit was to provide assurance that the Commissioning and Delivery Model has been appropriately implemented; that there are quantifiable improvements in communications; that costs are adequately controlled, and that Members are enabled to exercise effective scrutiny and input to the design process of agreed ITS projects, where applicable.</p>	<p>The works ordering process through Kier is inefficient and does not align with the Local Committee decision making process. There is no financial penalty to Kier for failing to deliver schemes. Concerns were raised re Kier's ownership of key business systems (Roadzone / IMS) in the event of contractual change.</p> <p>The process map was incomplete (no detail re process for Traffic Orders, lack of clarity over roles &amp; responsibilities for negotiating Planning Advance Approvals from Streetworks, no mention of safety audit process) and failed to consider the risk of key financial information not being received by either commissioning or delivery groups. Information input to Roadzone (specifically where Traffic Orders are required) may be incomplete or inaccurate.</p>	Some Improvement Needed	<p>Management should review the effectiveness of the works ordering process as part of revised contractual arrangements, when the new schedule of rates is implemented. Management should ensure that adequate processes are in place to secure the ongoing availability of SCC data stored on externally hosted / owned systems. (M)</p> <p>Management should ensure that the ITS process map is amended to clarify roles and responsibilities, and should review procedures to gain assurance that all necessary processes are documented and communicated to relevant parties. (M)</p>

**Completed Audit Reports (March - May 2017)**

**Annex A**

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
<p>Review of Governance Policies using Control Risk Self Assessment (CRSA)</p>	<p>SCC's Governance Panel ensures that the council has a robust method of scrutiny and appraisal of governance. It advises the Statutory Responsibilities Network, Audit and Governance Committee and the Cabinet on the adequacy of arrangements and proposes areas for improvement through the Annual Governance Statement.</p> <p>SCC's Code of Corporate Governance describes the methodology for the annual review of governance. The Code refers to 34 key policies. Using a cyclical programme of CRSA questionnaires, the extent of awareness and compliance is assessed each year.</p>	<p>The Governance Panel chose 4 policies for review – The Grievance Policy, The Member Officer Protocol, The Resilience Policy, and The Regulation of Investigatory Powers Act (RIPA).</p> <p>The Information Governance Risk Board is monitoring data security and cyber security. A new fraud e-learning package will be launched in 2017.</p> <p>The overall response rate was only 29% compared to 43% in 2015/16.</p> <p>RIPA had the highest response rate of 35% (9 out of 26 managers) but the sample size was smallest.</p> <p>There were varying degrees of understanding of the policies among the managers who responded.</p> <p>All the policies are not published on SCC's internal and external websites.</p> <p>The survey responses also identified the need for appropriate training to be made available for managers.</p>	<p>Some Improvement Needed</p>	<p>Members of the Governance Panel to consider encouraging managers to engage in the CRSA process by sharing the results (L).</p> <p>Up to date policies should be published on SCC's internal and external websites (L).</p> <p>Suitable training sessions to be arranged for all Level 1-4 responsible managers and participation should be encouraged (L).</p> <p>The procedural compliance of all officers impacted by the policy on RIPA should be reviewed to enable correct use (L).</p>



<sup>1</sup> **Audit Opinions**

<b>Effective</b>	Controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
<b>Some Improvement Needed</b>	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.
<b>Significant Improvement Needed</b>	Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.
<b>Unsatisfactory</b>	Controls evaluated are not adequate, appropriate, or effective to provide reasonable assurance that risks are being managed and objectives should be met.

<sup>2</sup> **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  
13 June 2017

**INTERNAL AUDIT ANNUAL REPORT 2016/17**

**SUMMARY:**

This report summarises the work of Internal Audit for the period 1 April 2016 to 31 March 2017, identifying the main themes arising from the audit reviews and the implications for the County Council. The Audit Performance Managers report key findings and recommendations arising from audits undertaken as part of regular reporting to this Committee on completed audits.

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

**RECOMMENDATION:**

Members are asked to note the work undertaken and performance of Internal Audit in 2016/17 and the resultant annual audit opinion; and, determine whether there are any matters that the Committee wishes to draw to the attention of the Cabinet or the County Council.

**INTRODUCTION**

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

- 3 This report fulfils the requirements above and represents the Internal Audit Report for the period 1 April 2016 to 31 March 2017. This report informs the 2016/17 Annual Governance Statement and provides an overview of the key findings arising from the audit reviews and the implications for the County Council. Taking account of the issues described the Committee will need to consider whether any matters should be referred to the Cabinet or the County Council.

#### **BACKGROUND TO THE YEAR 2016/17**

- 4 Internal Audit has been relocated back into the Finance community, away from its former home in the Chief Executives Directorate, and is now a part of Orbis; a business services partnership between East Sussex and Surrey County Councils, and Brighton & Hove City Council. At the heart of the business plan is a new operating model, based on collaboration between the three councils. This aims to take the best from each authority to exploit economies of scale and integrate management structures and business processes for more effective working.
- 5 Through the effective integration of resources, Orbis aims to provide excellent customer service and deliver public value by building on its expertise, innovation and passion. Orbis aspires to be the compelling alternative for other public service partners and customers. During 2016/17 the Surrey County Council Internal Audit team has worked closely with the two partner internal audit teams to share best practice and align working processes. This work will continue through 2017/18 as Orbis-Internal Audit moves towards a fully integrated team by March 2018.
- 6 Collaborative working has led to changes in various aspects of Internal Audit practice and process. The majority of visible changes – including revised audit opinions, and report format – have taken effect from 1 April 2017 and thus do not impact on this retrospective report, which looks back at the year completed to 31 March 2017. A notable change, however, occurred in February 2017 with the retirement of Surrey County Council's Chief Internal Auditor. Her duties have been taken on by the two Audit Performance Managers in lieu of the appointment of a new Chief Internal Auditor for the entire Orbis-Internal Audit partnership, due in May 2017.
- 7 During 2016/17 the former Chief Internal Auditor and subsequently the Audit Performance Managers have continued to undertake the following responsibilities to complement the work of Internal Audit:
- Member of the Investment Panel (which reviews business cases in advance of them being presented to Cabinet for approval);
  - Member of the Information Risk Governance Board;
  - Member of the Governance Panel;
  - Member of the Strategic Risk Forum;
  - Being the council's Money Laundering Regulatory Officer
- 8 The high profile of Internal Audit reports has been maintained throughout 2016/17 with the Audit and Governance Committee and Scrutiny Boards showing a strong interest in what action officers have taken in response to Internal Audit recommendations. The on-line library means all elected members can access reports as they wish.

#### **INTERNAL AUDIT OPINION**

- 9 The overall audit opinion, based on the reviews completed during the period, on the governance and internal control environment during 2016/17 is **Some Improvement**

**Needed.** A few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.

- 10 In forming this opinion, the Chief Internal Auditor can confirm that Internal Audit activity throughout 2016/17 has been independent of the rest of the organisation and has not been subject to interference in the level or scope of audit work completed. There are no qualifications to this overall opinion.
- 11 This overall audit opinion is largely a reflection of the system and procedural controls around the County’s key financial systems that are subject to annual review by Internal Audit and are considered to be sound. It is noted however that despite the controls in place, there is a high risk as highlighted in the Leadership Risk register of failure to achieve the Medium Term Financial Plan (MTFP) going forward as a result of:
  - not achieving savings
  - additional service demand and/or
  - over optimistic funding levels

- 12 More generally however in wider service reviews some specific weaknesses were identified by Internal Audit that meant that control in those particular areas did not provide reasonable assurance that risks are being managed so that objectives would be met. The following table shows the spread of audit opinions for the 55 standard audit reports issued in the period 2016/17 with comparative information for 2015/16.

Audit Opinion	2015/16		2016/17	
	No of Audit Reports	%	No of Audit Reports	%
<b>Effective</b>	17	29	<b>10</b>	<b>18</b>
<b>Some Improvement Needed</b>	25	43	<b>31</b>	<b>57</b>
<b>Significant Improvement Needed</b>	11	19	<b>9</b>	<b>16</b>
<b>Unsatisfactory</b>	2	4	<b>1</b>	<b>2</b>
<b>n/a</b>	3	5	<b>4</b>	<b>7</b>
<b>Total</b>	58	100	<b>55</b>	<b>100</b>

- 13 A complete list of audit reports issued in the period is set out in Annex A. The key issues arising from audit work completed during 2016/17 are set out in the Key Audit Findings section of this report.

**MANAGEMENT ACTION PLAN (MAP) PROGRESS UPDATE**

- 14 A summary of Management Action Plan (MAP) progress in implementing audit recommendations for audit reports issued in the period July – December 2016 can be found at Annex B
- 15 Annex C contains details of all audit reports issued prior to July 2016 where implementation of High Priority recommendations has not previously been reported to this Committee as “Green”.

<b>PERFORMANCE SUMMARY</b>
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- 16 The audit plan for 2016/17 was approved by this Committee on 11 April 2016. This plan was based on a budget of £665k. Actual outturn at the year-end was £627k. The table below shows actual performance against the original plan for the year.

<b>Audit Area</b>	<b>Plan Days (whole year)</b>	<b>Actual Days</b>	<b>% Actual to planned</b>
Corporate Governance Arrangements	75	75	100%
Key Financial Systems	175	168	96%
Grants	54	23	43%
Contract reviews	135	115	85%
Service reviews (systems and projects)	845	679	80%
Follow-up Audits	45	66	147%
Innovation & Client Support and Service liaison	178	231	130%
Special reviews not included in the original audit plan. NFI and other fraud prevention Irregularity investigations	340	293	86%
Audit planning and management, corporate and member support	270	279	103%
<b>Total days</b>	<b>2117</b>	<b>1929</b>	<b>91%</b>
Figures as shown in 2015/16 report (for comparison)	2069	1937	94%

- 17 The Internal Audit team establishment for 2016/17 comprised 12 full time equivalent (FTE) staff. The team had four vacancies for much of the year and so agency resource has been used throughout the period to cover these vacancies and help ensure satisfactory delivery of the annual audit plan.

18 2016/17 Annual Audit Plan completion

Annex D provides an analysis of completion of the 2016/17 Internal Audit programme of work. Further information is set out below.

Deferred/Cancelled Audits - the following audits, which were included in the 2016/17 annual audit plan, were cancelled and/or deferred for the following reasons:

- Public Value Transformation – audit cancelled as this has now become business as usual as part of the budget planning process;
- Public Health Contract Preparedness – audit cancelled as this area was reviewed in some depth in February 2016 under the 15/16 plan and no new emerging risks were identified;
- Special Schools – audit cancelled due to reassessment of risk priority

- Pension Fund Investments – audit cancelled because of positive audit opinions in prior years, and assurance from Surrey Pension Fund Committee review.
- Treasury Management – audit cancelled as we have had substantial assurance in this area for a number of years, and additional assurance comes through guidance and directives from Cipfa. The area is in the audit plan for 2017/18
- Highways Works Management System – audit cancelled as three other audits in the service area took priority.
- Nursery Education follow-up – audit deferred to 2017/18 to allow for directorate restructuring to take effect in a relatively low risk audit area.
- Community Transport - audit deferred to 2017/18 due to timing issues.
- Bus Operating Contracts - audit deferred to 2017/18 due to timing issues.
- Integrated Waste Data Management System - audit deferred to 2017/18 as system is not sufficiently advanced to be audited.

In addition, as shown in Annex D, a small number of audits relating to 2016/17 are still in progress.

#### 19 Grants

Four grant certification audits were completed in the period, as follows:

- Superfast Broadband (BDUK)
- Troubled Families ('Payment by Results')
- Bus Subsidy
- Teacher Training (SCiTT)

In addition, the Internal Audit team undertook the independent certification of a return to the Department for Education on behalf of a maintained school.

#### 20 Fraud and Irregularity and Special Reviews

The 2016/17 audit plan included specific time for Irregularity and Special Investigations (audits which, although not in the annual plan, take place as a result of concerns being raised directly with Internal Audit by Members or officers). Some of this time (71 days, approximately 0.63 of a full time employee) was spent on investigating alleged irregularities. The Council's Financial Regulations require all matters involving, or thought to involve, corruption or financial irregularity in the exercise of the functions of the County Council to be notified to the Chief Internal Auditor/Audit Performance Manager who will decide whether an audit investigation is appropriate.

A separate report has been produced for this Committee which provides more information on the irregularity investigations undertaken by Internal Audit during 2016/17.

Also included in this is time spent on fraud awareness work, including an update on the Counter Fraud Strategy and Framework, the Fighting Fraud Plan 2016/17, the use of data analytics as part of proactive fraud work, and partnership working through the Surrey Counter Fraud Partnership.

#### 21 Customer Satisfaction Survey (CSQ)

The Internal Audit team is continually aiming to improve the service it provides and as such, on completion of each review the auditee has traditionally been asked to complete a Customer Satisfaction Survey (CSQ) to provide feedback on a number of

aspects of the audit – from planning through to reporting. The CSQ also asks for an overall rating on the added value of the audit on a scale of 1 to 4, where 1 is **not very** useful and 4 is **very** useful.

The return rate for this paper-based survey has dwindled over the past three years to the point where the volume of returns received was in single digits for 2016/17. As part of the Orbis-Internal Audit review of processes, a revised format for gathering customer feedback is being devised to take advantage of technology and good practice in this area. The new methodology will be implemented later in 2017/18.

#### **EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT**

- 22 A report on the findings of the 2016/17 review of the effectiveness of the system of Internal Audit was presented to this Committee on 27 March. This review concluded that assessed against the PSIAS assurance can be taken that Surrey County Council Internal Audit provided a suitably professional, independent and objective service throughout 2016/17.
- 23 In conducting the assessment against the PSIAS it is apparent that Internal Audit has performed particularly well in terms of ensuring appropriate anti-fraud arrangements are in place. One member of the team is an accredited counter fraud specialist and during 2016/17 an Orbis-Internal Audit Fraud workstream has been established which has encouraged greater sharing of knowledge of fraud risks across Orbis partners.
- 24 Key Stakeholder feedback suggested that the internal audit service was seen as very helpful, robust, friendly and professional. Activity was clearly linked to the organisation's priorities to encourage improvement, with the independent assurance provided being of value to members and officers alike.
- 25 No matters of non compliance with the Public Sector Internal Audit Standards were identified that would require mention in the 2016/17 Annual Governance Statement.

#### **KEY AUDIT FINDINGS**

- 26 The key audit findings arising from completion of the 2016/17 Internal Audit plan are categorised under the seven themes as set out below:

##### **1. Adult Social Care (ASC)**

- An audit of Home Based Care arrangements was assessed as **Significant Improvement Needed** with 3 high priority recommendations. It was recommended that responsibility for verifying provider compliance should be reviewed and reassigned, and that Quality Assurance visit relevant providers to ensure their Electronic Call Monitoring (ECM) systems existed and were effective. Guidance about missed calls needed updating and re-circulating, and the non submission of expected KPI data from providers per contractual terms needed addressing. Other recommendations were made around obtaining information from care recipients about the quality of their care, especially around short duration care visits.
- An audit of the HIV Service led to an opinion of **Some Improvement Needed**. Arrangements for continuation of the service were unclear, due to funding decisions needing to be agreed between SCC and CCG's. Arrangements for contract management and for monitoring visits to contractor sites needed to be sharpened at the date of audit. Outcomes from service specifications were not being monitored by Public Health, nor were



anonymous quality assurance surveys being undertaken as per the Service Specification.

- An audit of Direct Payments led to an opinion of **Some Improvement Needed**. Refreshed guidance and checks on reconciliations submitted by DP recipients provided assurance that processes were operating as expected. 8% of cases checked by the auditor (19 of 225) were referred to ASC for further explanation over possible irregular expenditure by the recipient. Differences in how locality teams identified and progressed such queries were noted.
- An audit of 0-5 Health Visitors in Public Health was given an **Effective** opinion, with no recommendations arising.
- An opinion of **Some Improvement Needed** was awarded to a follow-up audit of Surrey Choices. Progress had been made against recommendations in the prior year review, though the suitability and relevance of the performance monitoring dashboard remained questionable (an upgrade was being planned) and improvements to financial monitoring were still ongoing.
- An audit of Carers led to an opinion of **Some Improvement Needed**. A number of recommendations were made to pick up issues of consistency in partner data provided to SCC; and to establish robust mechanisms to contact 'hard to reach' carers in ethnic and travelling communities.
- An audit of Community Equipment produced an opinion of **Some Improvement Needed**. It was identified that agreements with CCG's had not yet been formalised, and that a risk register specific to this area would be of value. A recommendation was made to address the consistency of equipment provision to residents in nursing homes. Access to the CES system through a PIN system was reviewed and improvements proposed to PIN management and control.
- An audit of the AIS Replacement System (LAS and ContrOCC) was undertaken to establish the project governance and data quality assurance arrangements. An opinion of **Effective** was given in this respect.
- An audit of Better Care Fund – Commissioning and Delivery arrangements was undertaken to look at how schemes were approved, how they are managed, monitored and scrutinised, and how effective they are in terms of achieving better integration and helping to meet strategic objectives. This led to an opinion of **Some Improvement Needed**, with recommendations made to improve the transparency of the purpose of some projects, and to expedite the signing of Section 75 agreements between SCC and CCG's.
- The audit of the Stop Smoking Service was given a **Some Improvement Needed** opinion. The contract was drafted to incentivise the new service to attract the difficult to reach priority groups and the contractor has made some good progress to achieve this, However, even allowing for a period of bedding in of the service, the overall number of users of the service so far has been lower than expected and there are concerns that the contractor will not meet the core Performance Indicators quickly.

- An audit of ASC Quality Assurance was given an opinion of **Some Improvement Needed**. Whilst visits to providers are undertaken, there was no formal central repository to record concerns from users, care groups and stakeholders. A core responsibility is to conduct a monitoring visit to all 7 strategic Home Based Care providers during the life of the contract. One visit is currently outstanding and needs to be completed before October 2017. Some of these issues are currently being addressed by the team through a proposed QA Information Sharing System, to be implemented by April 2018.

## 2. Children Schools and Families (CSF)

- An audit of Data Management in the Directorate led to a **Some Improvement Needed** opinion. Several aspects of breach management needed improvement to ensure records of breaches and subsequent actions were complete. Not all recorded breaches were supported by a breach template originating from the manager reporting the breach, nor did narrative follow a standard format. Follow-up checks were inhibited by a lack of information about the manager reporting or tasked with addressing breaches. Training records were unclear across staff, and there was no method of identifying for risk purposes within the directorate where the most sensitive data was held.
- An audit of the School Improvement Strategy was deemed **Effective**, with minor recommendations around the governance arrangements for half-termly reporting to key officers, as well as periodic reports to Cabinet and Scrutiny Board.
- A follow-up audit of Foster Care resulted in a **Some Improvement Needed** opinion. Significant improvement had been made since the last audit in this area in 2015/16 recorded an Unsatisfactory opinion. Recommendations were made to ensure that ahead of Liquid Logic's LCS system going live, records of DBS checks for foster carers, linked carers and household members were undertaken and recorded, and also periodically reviewed for completeness and accuracy. Clarity over the insurance arrangements in place for damage caused by a foster child within the home of the carer were proposed within the Foster Care Handbook after ambiguity in practice was identified.
- A review of Safeguarding in Education led to a **Some Improvement Needed** opinion, with recommendations being made to strengthen follow-up procedures within SCC where schools had identified substantial areas for improvement (to ensure assurance is obtained that action has been taken), and to remind schools of the need to make publically available their Child Protection and Safeguarding Policy, after a number failed to do so from the sample tested.
- A review of progress made against the CSF Improvement Plan was undertaken, looking specifically at areas previously the subject of Ofsted inspection. These areas were: Missing Children, Care Leavers, and Quality Assurance. An overall opinion of **Some Improvement Needed** was given, as the actions taken by the service to act on recommendations made in audits throughout 2016/17 was assessed as appropriate and robust.

### 3. Highways

- An audit of Lot 5 (Flood Prevention) within Highways Contract Management resulted in an opinion of **Significant Improvement Needed**. 6 high priority recommendations were made. A key issue found in the audit included the role the contractor played in managing the sub-contractor undertaking the works on the council's behalf, where effective contract management was not achieved. Issues in the accuracy of performance data from the contractor, as well as inconsistencies in records held by council and contractor, lead to control weakness and low assurance that work stated as having been completed had, in fact, been done. Other issues around governance and procedures were also commented upon.
- An audit of the agency arrangements around Civil Parking Enforcement was undertaken, with an opinion of **Significant Improvement Needed**. The principle issue lay with compliance with the agency agreements by the borough and district councils, and recommendations were made to improve arrangements around the audit certification of annual financial returns and subsequent management review; in how fixed costs apportionment is undertaken; and in a wider review of relevant guidance and processes.
- An audit of Highways Commissioning & Delivery (Integrated Transport Schemes) was given an opinion of **Some Improvement Needed**. Areas identified for improvement included the use of variation orders and the works ordering process (through Kier). Recommendations were also made to improve the ability of Local Committees to assess and scrutinise complex schemes.

### 4. IMT Security and Information Governance

- An audit of ASC IT Solution (an e-brokerage module, phase 2 of wider e-market place software known as the Provider Portal) was given a **Significant Improvement Needed** opinion. The project had been affected by significant delays and only 300 of 3,600 ASC providers had registered on the portal at the time of audit. Estimated savings of £15m from 2013/14 had been anticipated from the ability to better utilise social capital, which this new process should have helped in (by allowing practitioners to identify resources in the community which could substitute for previously purchased services) but which would not now be achieved as planned.
- The audit of Information Governance produced an opinion of **Some Improvement Needed**, with no high priority recommendations. A key finding was that service IG teams were still largely acting independently of each other, despite a recommendation to address this in the 2015/16 audit. It was also found that Breach data is published annually, where more frequent reporting would enable common and emerging issues to be identified more quickly. Other areas for improvement identified in the audit included consolidation of IG information on S-Net; more explicit data retention guidance; and more effective management of IG-related training.
- An audit of Cyber Security was undertaken and received an opinion of **Some Improvement Needed**. This review undertook compliance testing against criteria including governance arrangements; boundary firewalls and internet

gateways; secure configurations; access control; malware protect; and patch management. Principal areas for recommendations were around security issue resolution analysis; firewall rule management; audit policy and account lockout settings; and the compliance of password settings to IT Security Policy. There was also a recommendation made for the council to consider joining the Cyber Essentials Scheme.

- An audit of BACS Software Replacement was given an opinion of **Some Improvement Needed**. Recommendations addressed outstanding risk issues surrounding Phases 2 and 3 of the project, and were made around ensuring that proposed automated processes to replace manual ones were not lost as the project evolved. Remedial administrative issues were identified ahead of a planned inspection by BACS in December.
- An opinion of **Some Improvement Needed** was given to the audit of SAP Application & Interface Controls. Two areas were identified where controls could be strengthened: over master data change logs (which were limited to HR data only), and to periodically review user access to ensure the appropriateness of live accounts.

## 5. Risk Management and Organisational Ethics

- The annual audit of Risk Management has an opinion of **Some Improvement Needed**. Three low priority recommendations were made, around the need to make more consistent the format of risk registers; and to more consistently identify timescales or targets around actions to mitigate risks.

## 6. Procurement and Contract Management

- An audit of Contract Monitoring in CSF attracted the opinion **Some Improvement Needed**, and made a total of 15 recommendations (2 High Priority, 5 Medium, and 8 Low). Key issues identified in the audit – which reviewed the management of the Hillcrest and Virgin Care contracts – included risk registers not being kept up to date; financial monitoring not being undertaken and/or reported; a lack of integration of the findings of the Independent Review Officer's annual review into overall contract management arrangements; and the need to develop more formalised contract storage arrangements.
- A review against Compliance with Procurement Standing Orders (for procurement between £15k and £100k) was given an opinion of **Some Improvement Needed**. Issues identified included inconsistencies between S-Net guidance and PSOs; enhancement to processes surrounding Request For Quotations (RFQs); and recommendations to ensure contracts are properly signed and recorded on the contract register.
- A review of the Managed Print Service contract led to an opinion of **Some Improvement Needed**: no high priority recommendations were made, though improvements were suggested in respect of clarifying the effective dates of the revised Xerox pricing schedule. Enhancements to the data submitted by Xerox to SCC were proposed in order to enable validation of usage details on Xerox invoices to be checked.

- A review of Performance Management of the Adecco Contract attracted an opinion of **Some Improvement Needed**. The audit found that there was a lack of a formal process for central recording and escalation of issues, and that there were opportunities for streamlining how costs were allocated within SAP GL codes. KPIs reported by Adecco were difficult to validate in terms of both cost data, and unfulfilled orders. Minor administrative issues were also identified with system access and central monitoring of orders.

## 7. Other

- An audit of Premises Security led to an audit of **Significant Improvement Needed**, with 15 high priority recommendations being made. Audit work followed on from a review by the National Counter Terrorism Security Office (NaCTSO), which had concluded that security arrangements in place at County Hall were not effective in deterring a possible attack. The audit identified similar issues at outlying offices (Consort House, Fairmount House and Quadrant Court). Recommendations made addressed areas including CCTV coverage; the notification of leavers to Facilities Team for effective access pass management; the numbers of 24/7 passes in circulation; and revised processes for schools, which were identified as higher risk establishments.
- An opinion of **Significant Improvement Needed** was given to an audit of Health & Safety arrangements. 8 High Priority recommendations arose from this review, in a total of 18 recommendations made. Significant issues were identified in tree safety management (where the arrangements did not discharge the council's ability to defend itself from charges of negligence as supporting information was unknown, unavailable or inadequate. Other areas of concern were the training records for H&S (data suggests 80% of SCC employees do not have up to date training); the inconsistencies between source data and reported data to CJSC and SRN; inconsistencies in how incidents were recorded on OSHENS that made underreporting of incidents highly likely; and the failure of some nominated attendees at H&S meetings.
- An audit of Surrey Youth Centres (Governance and Business Management Arrangements) produced two opinions: one of **Some Improvement Needed** for strategic arrangements, but one of **Unsatisfactory** for Business and Management Support arrangements. In the latter respect, 25 recommendations were made, 12 of them high priority. Issues included poor accounting practices for cash handling and banking both at the front line and the corporate centre; improper use of purchasing cards; poor budget monitoring arrangements; and a lack of effective practice and guidance issued to staff since the service was brought back in-house from the managing agents. Despite poor controls generally, there was no indication of fraudulent practice.
- An audit of the Gifts and Hospitality process produced an opinion of **Significant Improvement Needed**, with 3 high priority recommendations. There was a lack of ownership for this policy within the council, leading to it being out of date and inconsistent against the Code of Conduct for officers. Arrangements to ensure officer compliance against the policy were unclear, and monitoring processes which would detect, prevent or monitor individual

awards or cumulative totals received were largely non-existent. Controls over data integrity within the records declared were also weak.

- An opinion of **Some Improvement Needed** was given to an audit of Carbon Reduction Commitment (CRC) and Greenhouse Gas Emission (GGE) Reporting Schemes. Recommendations were made to improve clarity within the procedures (which had resulted in a duplicate payment of £390k being made in-year); for a targeted council-wide campaign to encourage energy saving; and for raising awareness of CRC issues within relevant service risk registers.
- An audit was undertaken to run a Life Certification check against all 455 pensioners who are living abroad whilst receiving a pension through the Surrey scheme. This produced an **Effective** opinion - 443 out of 455 requests were completed and returned. Of the remaining 12, the total monthly pension payment of £2k to 11 pensioners has been suspended with effect from 1 May 2017 and the twelfth one requires follow-up.

#### **IMPLICATIONS:**

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

#### **WHAT HAPPENS NEXT:**

- 29 The Audit Performance Manager will continue to update members on the progress of issues within this report that have not been fully concluded.

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**Sources/background papers:** Internal Audit reports

## ANNEX A

2016/17

	Month Final Report issued	Audit	No of High Priority Recs	Audit Opinion	Relevant * Directorate
1	Apr-16	Capital Expenditure Monitoring	0	Effective	BS
2	Apr-16	Procure to Pay process	0	Some Improvement Needed	BS
3	Apr-16	Suspensions and Case Management	1	Some Improvement Needed	BS
4	Apr-16	Off Contract Agency Spend	0	n/a (position statement)	BS
5	Apr-16	HIV Service	1	Some Improvement Needed	ASC
6	Apr-16	Direct Payments	0	Some Improvement Needed	ASC
7	Apr-16	Review of Property LATC and Investment Strategy	0	Effective	BS
8	May-16	Revenue Budgetary Control	0	Effective	BS
9	May-16	Data Management in Children's, Schools & Families	0	Some Improvement Needed	CSF
10	May-16	Surrey Arts follow-up	0	Effective	C&C
11	May-16	Payroll	0	Some Improvement Needed	BS
12	Jun-16	School Improvement Strategy	0	Effective	CSF
13	Jun-16	Contract Monitoring in CSF	2	Some Improvement Needed	CSF
14	Jun-16	Risk Management (2015/16 audit)	0	Some Improvement Needed	BS
15	Jun-16	ASC IT Solution follow-up	1	Significant Improvement Needed	ASC

	<b>Month Final Report issued</b>	<b>Audit</b>	<b>No of High Priority Recs</b>	<b>Audit Opinion</b>	<b>Relevant * Directorate</b>
16	Jun-16	0-5 Health Visitors	0	Effective	ASC
17	Jul-16	Youth Centres: Governance & Business Management arrangements	13	Unsatisfactory/Some Improvement Needed	CSF
18	Jul-16	Property Asset Management System Income Module	1	n/a (position statement)	BS
19	Aug-16	Gifts & Hospitality	3	Significant Improvement Needed	BS
20	Sep-16	CRC and Greenhouse Gas Emission reporting schemes	0	Some Improvement Needed	E&I
21	Sep-16	The Community Infrastructure Levy	0	n/a (position statement)	E&I
22	Sep-16	Compliance with PSOs (£15,000-£99,999)	0	Some Improvement Needed	BS
23	Sep-16	Surrey Choices follow-up	0	Some Improvement Needed	ASC
24	Sep-16	Carers	0	Some Improvement Needed	ASC
25	Sep-16	Community Equipment	2	Some Improvement Needed	ASC
26	Oct-16	Home Based Care	3	Significant Improvement Needed	ASC
27	Oct-16	Civil Parking Enforcement (Agency Agreements)	3	Significant Improvement Needed	E&I
28	Oct-16	Managed Print Service	0	Some Improvement Needed	BS
29	Nov-16	Review of Implementing BACS Software Replacement	0	Some Improvement Needed	BS







	<b>Month Final Report issued</b>	<b>Audit</b>	<b>No of High Priority Recs</b>	<b>Audit Opinion</b>	<b>Relevant * Directorate</b>
30	Nov-16	LAS and ControOCC (AIS replacement system)	0	Effective	ASC
31	Nov-16	Public Service Transformation	0	n/a (position statement)	CEO
32	Nov-16	Review of General Ledger	0	Effective	BS
33	Dec-16	Premises Security	15	Significant Improvement Needed	BS
34	Dec-16	Cyber Security	0	Some Improvement Needed	BS
35	Dec-16	SAP Application & Interface Controls	0	Some Improvement Needed	BS
36	Jan-17	Trust Funds follow-up	0	Effective	BS
37	Jan-17	Information Governance	0	Some Improvement Needed	CEO
38	Jan-17	Health & Safety	8	Significant Improvement Needed	BS
39	Jan-17	Highways Contract Management Lot 5 (Flood Prevention)	6	Significant Improvement Needed	E&I
40	Feb-17	Foster Care Service follow-up	0	Some Improvement Needed	CSF
41	Feb-17	Risk Management (16/17)	0	Some Improvement Needed	BS
42	Feb-17	CIF / Member Allocations	0	Some Improvement Needed	C&C
43	Feb-17	Safeguarding In Education	1	Some Improvement Needed	CSF
44	Mar-17	Adecco Contract - Performance Management	0	Some Improvement Needed	BS
45	Mar-17	Review of Pension Administration	7	Significant Improvement Needed	BS

	<b>Month Final Report issued</b>	<b>Audit</b>	<b>No of High Priority Recs</b>	<b>Audit Opinion</b>	<b>Relevant * Directorate</b>
46	Apr-17	Review of Accounts Payable	0	Some Improvement Needed	BS
47	May-17	Overseas Pensioner Life Certification	0	Effective	BS
48	May-17	CSF Improvement Plan	0	Some Improvement Needed	CSF
49	May-17	Better Care Fund – Commissioning & Delivery	0	Some Improvement Needed	ASC
50	May-17	Stop Smoking	1	Some Improvement Needed	ASC
51	May-17	SEN expenditure within maintained schools	0	Some Improvement Needed	CSF
52	May-17	ASC Quality Assurance	0	Some Improvement Needed	ASC
53	May-17	Youth Services follow-up audit	5	Significant Improvement Needed	CSF
54	May-17	Highways Commissioning & Delivery (ITS)	3	Some Improvement Needed	E&I
55	May-17	CRSA Governance Policies and Processes	0	Some Improvement Needed	CE

\* Directorate Key

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





Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
Surrey Youth Centres- Governance and Business Management Arrangements (Jul 16)	Some Improvement Needed - (for governance and strategic arrangements)  Unsatisfactory - (for business and management support arrangements)	<p>The Annual Report for Young People could include a report of progress which aligns the delivery outputs at youth centres to the Outcomes Framework. <b>(M)</b></p> <p>Youth centre session evaluation forms should include the Outcomes Framework as a minimum to ensure over reporting on outcomes. <b>(M)</b></p> <p>Delivery plans should link to the Quality Mark Framework and be seen to be contributing to the Outcomes Framework. <b>(M)</b></p> <p>The service should make effective use of the available data through its data bank tools to maintain data integrity and eliminate duplicate data on attendance. <b>(M)</b></p>	<p>A follow up audit has been completed and is in the process of being finalised. The Service is currently undergoing a restructure and a reporting framework has yet to be established.</p> <p>New session evaluation forms have been issued by management to all centres however currently not in use by all centres.</p> <p>Currently in progress at some centres whilst other centres unable to progress due to resourcing constraints.</p> <p>Unable to comment as an Annual Report has not been completed by the service due to the current restructure.</p>	      

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Surrey Youth Centres- Governance and Business Management Arrangements (Jul 16) cont'd	Some Improvement Needed - (for governance and strategic arrangements)  Unsatisfactory - (for business and management support arrangements)	<p>Financial information reported by the service should be validated for accuracy. Where a report includes financial information it is recommended the Finance Lead for Children and Young People should validate the data before it is presented to Local Committees. <b>(H)</b></p> <p>Assets belonging to the Authority should be clearly identified and when no longer in use, should be returned to the Authority. <b>(H)</b></p> <p>The service should present adequate information to budget holders to enable them to effectively monitor individual centre budgets. This should include income and expenditure transactions for each centre. <b>(H)</b></p> <p>Compile an inventory of assets owned by the Community Youth Work Service. <b>(H)</b></p>	<p>Due to the restructure a reporting framework has yet to be established.</p> <p>An asset tagging exercise was completed by the Ops team across all centres however during site visits it was noted that a number of assets had been omitted.</p> <p>Budget holders have received training and are able to access SAP to review income and expenditure data.</p> <p>Although an inventory register has been compiled, and guidelines issued by the service, implementation could be improved to ensure compliance.</p>	<p></p> <p></p> <p></p> <p></p>

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Surrey Youth Centres- Governance and Business Management Arrangements (Jul 16) cont'd	Some Improvement Needed - (for governance and strategic arrangements)  Unsatisfactory - (for business and management support arrangements)	<p>Ensure assets are appropriately tagged and watermarked. <b>(H)</b></p> <p>Approve cash handling procedures and Business Support to ensure that guidelines are understood and applied in practice. <b>(H)</b></p> <p>Regular management overview for cash handling to be implemented to ensure accountability over cash received at youth centres. <b>(H)</b></p> <p>The service should provide clear procedure notes in relation to when consent should be obtained in relation to images of young people. <b>(H)</b></p> <p>Ensure the closedown of all youth services-related websites and social media sites that do not comply with SCC guidelines. <b>(H)</b></p>	<p>An asset tagging exercise was completed by the Ops team across all centres however during site visits it was noted that a number of assets had been omitted.</p> <p>Cash handling procedures issued by the service and monthly cash income returns are submitted by the centres. Improvement in recording is required where cash is transferred between officers and when cash is received. The issue of receipts is encouraged to maintain a clear audit trail.</p> <p>Monthly cash returns are submitted to the Finance team and any exceptions reported to senior management.</p> <p>Procedure notes issued and site visits confirmed a good understanding by officers.</p> <p>The service has taken the view to close down all social media sites. This approach may not necessarily be in the best interest of engagement with young people. Instead clear, tailored guidance should be developed specifically for youth centres.</p>	<p></p> <p></p> <p></p> <p></p> <p></p>

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Surrey Youth Centres- Governance and Business Management Arrangements (Jul 16) cont'd	Some Improvement Needed - (for governance and strategic arrangements)  Unsatisfactory - (for business and management support arrangements)	<p>Review the use of CCTV at sites to ensure compliance with the Data Protection Act and Information Commissioner’s Office guidance. <b>(H)</b></p> <p>Treat VAT correctly in relation to purchase card expenditure. VAT cannot be claimed without a valid tax invoice. <b>(H)</b></p> <p>Expenditure using purchase cards should be approved by officers who have the authority to challenge such expenditure appropriately. <b>(H)</b></p> <p>Banking information provided by new suppliers should always be shared with the payments team on the supplier’s headed paper. <b>(H)</b></p>	<p>A list of CCTV at all sites has been compiled and appropriate signage is in place. This was confirmed through recent site visits.</p> <p>This area still needs improvement following review of a sample of credit card purchases.</p> <p>Credit card authorisers have been changed appropriately however this may need to be followed up once the restructure is complete.</p> <p>Officers have been made aware of data requirements to set up new vendor. Unable to verify as no new vendors had been set up since the last audit report was issued.</p>	<p></p> <p></p> <p></p> <p></p>

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Review of Property Asset Management System (PAMS) Income Module (Jul 16)	n/a – position statement	<p>The Chief Property Officer should nominate a member of his Senior Management Team as a priority to sponsor the implementation of PAMS rent interface going 'live'. The nominated officer should steer the consultation of all stakeholders impacted by PAMS Estates Module and provide resources and clear direction of travel by taking decisions to move the project forward. <b>(H)</b></p> <p>The Estates Delivery Team should incorporate their written procedure notes to create a flowchart which will detail the flow of information between different services that are impacted by the creation of tenancies. <b>(M)</b></p> <p>The Property Asset Management System (PAMS) Estates Module including the rent interface should be implemented as a priority to enable the council to maximise its property income generating potential and manage its debts effectively. <b>(M)</b></p>	<p>Claire Barrett (Deputy Chief Property Officer) is overseeing the implementation of the interface.</p> <p>Process maps are in place for the management of leased out properties.</p> <p>Recent interface testing and design discussions have required further changes to the interface from SAP to PAMS due to SAP's inability to clear partial payments for rent and service charges. Hence it has been agreed with all stakeholders to interface only when full payment is received/ item is cleared. Senior managers in Property Services and IT&amp;D are currently agreeing the extra resource required to action the changes as a priority and at that point we will provide a revised completion date.</p>	<p style="text-align: center;"></p> <p style="text-align: center;"></p> <p style="text-align: center;"></p>

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<p>Gifts &amp; Hospitality (Officers) (Aug 16)</p>	<p>Significant Improvement Needed</p>	<p>Ensure that there are formal processes within HR which document roles, responsibilities and frequencies of the monitoring and verification of disclosures made. In addition, management should instigate sample checking of authorised disclosures to validate the authorisation given. <b>(H)</b></p> <p>Review the current Gifts &amp; Hospitality register (Surrey Says) to ensure that robust controls are in place in respect of data validity and completeness. <b>(H)</b></p> <p>Review record-keeping arrangements at out-posted establishments to ensure that a designated officer has responsibility for inputting all applicable gifts &amp; hospitality data to the central electronic register. Conduct a thorough review of all out-posted establishments to gain assurance that arrangements for the acceptance and authorisation of gifts received are compliant with SCC policy. <b>(H)</b></p>	<p>Quarterly reports are being provided for the HR Leadership team to review detailing the entries to the register. These will be reviewed by the HR leadership team and any areas of concern escalated to the Strategic Relationship Managers to address within their service. This process is owned and managed by the HR Business Services Team Manager. A report on the register entries, including backdated data, was provided to the Audit and Governance Committee in December 2016.</p> <p>Fields in the register have been reviewed to make all those that do not require unique input to be multiple choice from a drop down box to improve consistency. Management confirmed that all the appropriate controls are now in the survey.</p> <p>This work has been allocated to an HR Project team Advisor to scope and progress will be monitored through the HR programme tracker at the monthly HRLT Performance meetings. This work will be supervised by the Senior HR Manager and supported by the HR Business support team.</p>	<p></p> <p></p> <p></p>

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<p>Gifts &amp; Hospitality (Officers) (Aug 16) cont'd</p>	<p>Significant Improvement Needed</p>	<p>As part of the wider review of the gifts &amp; hospitality policy, management should consider including prescriptive guidance covering the following areas: - gifts from potentially vulnerable service users / relatives - gifts of luxury items to named individuals (e.g. alcohol / perfume) - gifts of cash. <b>(M)</b></p> <p>Management should ensure that there is auditable evidence of compliance with aspects of the gifts &amp; hospitality policy, specifically the requirement to publish the register online (to permit inspection by the public), and the requirement that the Chief Executive (or delegated officer) prepares an annual report covering G&amp;H "to an appropriate committee of the Council for scrutiny". <b>(M)</b></p> <p>Management should consider introducing a requirement for all officers to make a 'nil-return' if no gifts &amp; hospitality have been received during the year to date. Management should consider the feasibility of introducing this through SAP in tandem with the realigned appraisal and performance management process. <b>(M)</b></p>	<p>Revised gifts and hospitality policy now in place and approved by PPDC in December 2016. The areas of concern outlined in the audit report have now been brought within the scope of the revised policy.</p> <p>The annual report has been added into the forward plan as part of the HR Business Support team's role in monitoring and reporting on the register. The register will be published annually following the annual report being presented to A&amp;G Committee. To check publication status prior to annual committee report in December 2017.</p> <p>This recommendation is still under consideration by management.</p>	<p></p> <p></p> <p></p>

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<p>Review of Carbon Reduction Commitment (CRC) and Green House Gas (GHG) Emission Schemes (Sep 16)</p>	<p>Some Improvement Needed</p>	<p>Staff in Property Services and Procure to Pay Team should be reminded to follow the correct payment and business procedures and keep line managers informed of actions taken. <b>(M)</b></p> <p>Property Services and Place and Sustainability Team within Environment and Infrastructure should actively raise awareness and communicate the implications (cost &amp; reputation) of conserving energy for SCC and Surrey residents. <b>(M)</b></p>	<p>The procedures within the CRC Evidence Pack compiled for the purposes of external review have been updated with both teams' involvement. Finance staff have also been made aware of the requirements of the Purchasing Strategy and Payment Process.</p> <p>Responses from both services co-ordinated by the Environment Policy Team Leader have confirmed a number of measures that are in place for SCC staff and Surrey residents. These include the following:</p> <ul style="list-style-type: none"> <li>- Publication on S:Net, of energy awareness guide and promotion of Earth Hour 2017;</li> <li>- Work has been done with Surrey's districts and boroughs to maintain and enhance county-wide impartial energy advice and grant finder service via the Action Surrey. 2016/17 Progress Report highlights the number of enquiries, referrals, installations completed, value added as a result and the tonnage of carbon dioxide saved for Surrey residents.</li> </ul> <p>In addition, proposals for Summer 2017 for which work is currently in progress include:</p> <ul style="list-style-type: none"> <li>- campaign to build on the 2015 energy efficiency poster by highlighting to staff on the S:Net about SCC's energy use;</li> <li>- emphasise the need to save energy using facts and figures with guidance from Communications Team on delivery and tone of messages.</li> </ul>	<p style="text-align: center;"></p> <p style="text-align: center;"></p>

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Community Infrastructure Levy (Sep 16)	n/a	This report was issued as a position statement and no audit recommendations were made.	n/a	
Surrey Choices (follow-up review) (Sep 16)	Some Improvement Needed	No recommendations made.	n/a	

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Carers (Sep 16)	Some Improvement Needed	<p>The new carer strategy and principles should be made easily accessible to those in the front line to raise the awareness of carer needs and be able to take informed decisions. <b>(M)</b></p> <p>Given that data about carer numbers in Surrey is provided by a range of partners (CCGs, Boroughs, Action for Carers) ASC should initiate an integrated approach and a common framework for reporting the number of carers identified in Surrey. This will improve the quality of data and will provide a better comparison between years for different stakeholders. <b>(M)</b></p> <p>ASC strategies should recognise the increasing demand for carer services on the waiting lists provided by Crossroad Care for home based breaks service. Eligibility criteria should be reviewed, based on data analysis of the impact on carers and the person in care, with a view to prioritising access for those with greater need. <b>(M)</b></p>	At the agenda deadline a response had not been received from the service.	

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Compliance with Procurement Standing Orders (PSOs) (Sep 16)	Some Improvement Needed	<p>Approval for Service users to obtain their own quotes should only be granted after review by the BST. <b>(M)</b></p> <p>Ensure that contracts are signed promptly and details of all outstanding contracts forwarded to the BST so that details can be added to InTend and SAP. In future, contract details should be passed to the BST as a matter of priority. <b>(M)</b></p> <p>Consider reviewing the purchasing process to allow the BST more opportunity to attempt an RFQ exercise before a waiver is raised. Waivers should only be raised after the BST have confirmed that a market search has been attempted. <b>(M)</b></p>	<p>The RFQ process is now embedded; i.e. all shopping carts over £15k without an existing contract have to go through the current RFQ process through In-Tend first, then run by BST to ensure transparency, so that the tender is published in contact finder and the evaluation is completed in a fair and consistent way. Otherwise a waiver approved by Procurement is required. All staff are aware of and comply with the process removing the need for situations above to arise.</p> <p>This is mostly effective now, though there do remain some instances where BST have had to wait for a response from Procurement.</p> <p>This has been done. BST always try the RFQ option first before sending the waiver form.</p>	<p style="text-align: center;"></p> <p style="text-align: center;"></p> <p style="text-align: center;"></p>

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Home Based Care (HBC) (Oct 16)	Significant Improvement Needed	<p>Responsibility for verifying provider compliance with contract obligations should be reviewed and assigned to the appropriate team or officers. <b>(M)</b></p> <p>The service should prioritise visits, as a minimum, to all SP to confirm the existence and effectiveness of their ECM systems and maintain a local record of the findings. <b>(H)</b></p> <p>The service should update and re-circulate the reporting of missed calls guidance to providers and ensure adherence to procedures. <b>(H)</b></p> <p>Clarification should be sought from providers on the non-submission of KPI data. Contractual obligations should be reviewed and either implemented or removed (specifically the penalties for the non- submission of KPI data). <b>(M)</b></p>	<p>Every provider has been assigned a named lead from SCC, the named leads are listed on the action log and guidance for these staff has been developed. This process will be fully embedded when the new contract goes live on 01.10.17. All strategic providers have an ECM system in place.</p> <p>Guidance on reporting missed calls has been re-circulated to providers in January 2017.</p> <p>All strategic providers and any qualified providers were e-mailed on 07.11.16, reminding them of their contractual duties and their responsibility to submit timely KPI data. The action log has now been updated to include a section on performance monitoring and has a column for monthly, quarterly and annual returns.</p>	<p style="text-align: center;"></p> <p style="text-align: center;"></p> <p style="text-align: center;"></p>

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Home Based Care (HBC) (Oct 16) cont'd	Significant Improvement Needed	<p>The service should ensure the Strategic Partnerships have implemented an effective Electronic Call Monitoring system and that AQPS are effectively recording performance data. <b>(M)</b></p> <p>The service should circulate the 'Guidance on Short Welfare and Safety Visits' to all care practitioners drawing attention to the limitations around 15 minute visits and ensuring sufficient monitoring is done for the council to know what is happening on the ground. <b>(H)</b></p> <p>Implement and administer a robust monitoring and performance reporting process. <b>(M)</b></p> <p>The service should take steps to check that individuals in receipt of a care service are receiving their care in a timely manner and for the duration commissioned. Survey results should be further disseminated to identify provider trends for the timeliness of care visits received. <b>(M)</b></p>	<p>All strategic providers have an ECM system in place.</p> <p>The guidance was circulated in e-brief on 05.09.16.</p> <p>All strategic providers were sent an e-mail on the 07.11.16 reminding them of their contractual duties in regards to submitting timely performance monitoring returns. Named leads have been assigned for each provider and one of the responsibilities for the named leads is to ensure that providers submit timely KPIs.</p> <p>No action taken at this time.</p>	<p style="text-align: center;"></p> <p style="text-align: center;"></p> <p style="text-align: center;"></p> <p style="text-align: center;"></p>

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Civil Parking Enforcement (Oct 16)	Significant Improvement Needed	<p>Management should ensure that audit certification of annual financial returns is undertaken by boroughs and districts prior to submission to the County Council. <b>(H)</b></p> <p>Management should review all accounts submitted by RBBC (in respect of both RBBC and TDC) under the present Agency Agreement to gain assurance that they have been fairly and accurately stated. Management should consider whether the results of this audit necessitate an urgent review of the parking enforcement activities carried out by RBBC. <b>(H)</b></p> <p>Management should consider, as part of the review of Agency Agreements, stipulating that fixed cost apportionment is accurate and based on actual figures wherever possible. <b>(H)</b></p> <p>Management should review the terms of the Agency Agreements and perform an exercise to ensure that all boroughs / districts are fully compliant. <b>(M)</b></p>	<p>Management emailed all district / borough Heads of Service for parking re the requirement for annual audit certification. Email sent 03/11/2016</p> <p>Meeting held with RBBC senior management on 09/11/2016 to discuss the concerns. It was agreed that the 15/16 accounts would be restated with the 'goodwill discount' clearly accounted for. RBBC agreed to provide SCC with total costs for overhead calculation. RBBC / SCC committed to explore 'strategic' review of parking activities. Any further investigation / audit activities contingent upon future direction of service – to be clarified in July 2017</p> <p>The review of Agency Agreements is on hold pending a wider review of the on-street Parking service; SCC are consulting whether to continue partnership working with districts / boroughs or to bring the service in house. Outcome due July 2017.</p> <p>The review of Agency Agreements is on hold pending a wider review of the on-street Parking service; SCC are consulting whether to continue partnership working with districts / boroughs or to bring the service in house. Outcome due July 2017.</p>	<p></p> <p></p> <p></p> <p></p>

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Community Equipment (Oct 16)	Some Improvement Needed	<p>Community Equipment Service (CES) should develop an action plan making the signing of the agreement with CCGs a priority and providing deadlines for the NHS partners to respond. <b>(H)</b></p> <p>Develop a focused strategy for CES to include core strategic aims, to ensure a holistic approach and improve overall performance. <b>(M)</b></p> <p>Include in the CES strategy provision to ensure consistency over the provision of equipment to residents in nursing homes. <b>(M)</b></p> <p>CES should implement a risk register where service challenges and strategic risks should be included with appropriate measures in place for mitigation. <b>(H)</b></p>	At the agenda deadline a response had not been received from the service.	

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Managed Print Service (Oct 16)	Some Improvement Needed	<p>The effective dates of the revised Xerox pricing schedule should be clarified and communicated to the Finance Control Manager and the Workplace Delivery Manager. <b>(M)</b></p> <p>Remind users of the need to report Multi Functional Device (MFD) faults to the Help Desk at the earliest opportunity to ensure that faults can be attended to promptly. <b>(M)</b></p> <p>Xerox should be asked to make details of individual MFD breakdown history available to enable SCC to identify MFDs which are problematic or which may need to be replaced. <b>(M)</b></p> <p>Xerox should be asked to make available utilisation data for each MFD to enable more detailed checking of invoiced sums and spot-check of readings should such action be considered necessary. <b>(M)</b></p> <p>Investigation as to why credit notes for service credits have not been processed should be carried out. <b>(M)</b></p>	<p>The Finance Team and the Workplace Delivery Manager are aware of the new click rate prices.</p> <p>The Managed Print Co-ordinator has emailed all Super Users and communicated this by updating the S:net page.</p> <p>The Managed Print Co-ordinator has confirmed that the information is available on request if needed.</p> <p>The Managed Print Co-ordinator has confirmed that the information is available on request. It is possible for the Managed Print Service Team also to use the Equitrac System (used for producing monthly reports for main area offices) and check utilisation.</p> <p>This is still being investigated.</p>	<p></p> <p></p> <p></p> <p></p> <p></p>

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## Annex B

Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
Review of Implementing BACS Software Replacement (Nov 16)	Some Improvement Needed	<p>The Project Team should follow up all outstanding risks and any emerging risks during Phases 2 and 3. <b>(M)</b></p> <p>The improvements to manual processes using automation outlined in the original business case with timescales should be progressed to implementation without being lost. <b>(M)</b></p> <p>Resources should be prioritised to ensure readiness for the inspection in December 2016 by completing the pre-inspection questionnaire, tidying up the i-connect space by removing the locally archived files and the custom script that converts the social care customer number in SAP to enable direct debits to be collected should be introduced, tested and evidenced. <b>(M)</b></p> <p>The Phase 3 items should be reviewed after the inspection in December 2016 to decide the options available for scheduling and completing the work by 31 March 2017. <b>(M)</b></p>	<p>The latest tests highlighted several risks, four of which were from phase 1 and were deemed acceptable by Network Security. The three new risks are currently being addressed with the supplier and security patches are due to be implemented by June 2017</p> <p>The requirement to automate was de-scoped from the project as the solution offered by the provider did not meet the requirements of the BACS Bureau. Also IMT's scope changed to a bigger project to have a single solution for all information and files between the council and its schools to flow. Hence it was agreed that the Bureau would use Egress to secure the BACS file attachments.</p> <p>Pre-inspection questionnaire completed on time and inspection was successful. Windows scheduler has been configured to automatically remove files after 30 calendar days. The IT Digital Innovation Team has completed the action and responsibility for the transformation script is now looked after by the Technical Operations Team. The four digit customer number problem for care direct debit was fixed, tested and is business as usual process now.</p> <p>Due to the high cost of developing a portal to securely receive files from external customers, it was recommended that the existing Egress option should be used after piloting.</p>	<p style="text-align: center;"></p> <p style="text-align: center;"></p> <p style="text-align: center;"></p> <p style="text-align: center;"></p>

Notes: (1) Audit opinion is as stated in the relevant Internal Audit Report  
 (2) Recommendation priority may be High (H), Medium (M) or Low (L)  
 (3) Red/Amber/Green (RAG) status is a high level assessment of progress



## Management Action Plan (July - December 2016) – Progress update

## Annex B

Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
AIS Replacement System (Nov 16)	Effective	The service should ensure, where practicable, that all current officers have successfully completed the requisite training. <b>(M)</b>	<p>The IQ Team continue to support staff with the use of LAS via the IQ helpdesk. They point staff to the videos and guidance that is available and give case specific guidance where necessary.</p> <p>The IQ Team are going to develop some targeted IQ reports to help us keep this under review.</p>	
Public Service Transformation (Nov 16)	n/a	Provide a report for discussion at a meeting of the Chief Executive's Direct Reports (CEDR) which effectively concludes the Public Service Transformation Programme by setting out the status for each workstream. <b>(L)</b>	A paper, together with a copy of the audit report was presented at CEDR on 21 November 2016.	

# Management Action Plan (July - December 2016) – Progress update

## Annex B






Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
General Ledger (Nov 16)	Effective	<p>Available guidance should be current and previous versions should be removed from the Intranet. A regular review of active GL codes should be undertaken to ensure that codes that are no longer being used are blocked or removed from the list of active codes. <b>(L)</b></p> <p>The service should ensure that the current work of the multi-disciplinary team to appropriately account for the outstanding balances on various GL codes is completed by April 2017. <b>(L)</b></p> <p>It is good practice to encourage consistency in inputting journals and ensure that key information is included so that an audit trail can be maintained. <b>(L)</b></p>	<p>The Guidance available is current, at the time of the audit a previous version of the Master Data Policy Document was accessible via the intranet, and this has now been removed with only the current version now available.</p> <p>The GL codes listed in the Master Data Policy Document were last reviewed in September 2016 (when the version called Jan 2016 was uploaded onto the intranet) this is scheduled to take place again in August 2017.</p> <p>Work is currently underway to reconcile material balances and some examples of completed reconciliations have been provided to the auditor. The service has been requested to provide all completed reconciliations once year end work has been completed.</p>	<p style="text-align: center;"></p> <p style="text-align: center;"></p>

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Management Action Plan (July - December 2016) – Progress update






Annex B

Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
Premises Security (Dec 16)	Significant Improvement Needed	<p>Update the premises security policy; consider developing a security plan to be shared with the Police; and, consider assigning someone as a Security Coordinator. <b>(H)</b></p> <p>The post room door at County Hall to be kept locked at all times. <b>(H)</b></p> <p>Postroom and front of office staff to be provided with procedures and training on what to look out for and action to take in relation to terrorism threats. <b>(H)</b> Only staff with a direct business need should have a pass allowing 24/7 access to council premises. <b>(H)</b></p> <p>Access door systems should be fitted in a way where they cannot be left open. <b>(H)</b></p>	<p>Updated Security Policy has been drafted however still awaiting comments from stakeholders prior to approval. Security plan and assigning a Security Coordinator will be considered as part of the Emergency Management Plan.</p> <p>This now kept locked at all times and only the Facilities team have access during working hours.</p> <p>Training is being sourced for this action however to date it is unclear who will be included in training.</p> <p>The 24/7 passes have been reviewed. No one can enter any of our FSA sites without the building being physically unlocked by an authorised member of staff even with a 24/7 pass.</p> <p>Apart from County Hall all other FSA sites have self-closing doors. Costs are being investigated to have this facility at County Hall however funding will need approval.</p>	<p></p> <p></p> <p></p> <p></p> <p></p>

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# Management Action Plan (July - December 2016) – Progress update

## Annex B




Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
Premises Security (Dec 16) cont'd	Significant Improvement Needed	<p>Security guidance, together with promoting a changed culture in relation to security awareness should be driven by senior management. <b>(H)</b></p> <p>A more robust process should be implemented to manage the administration of staff passes for starters and leavers. <b>(H)</b></p> <p>A periodic review of live agency staff should be undertaken to confirm building access passes continue to be required. <b>(H)</b></p> <p>Update procedures to ensure the facilities team are informed promptly of any employee being suspended. <b>(H)</b></p> <p>Entry/exit arrangements for members of the public attending meetings should ensure records reflect each person entering and exiting the building. <b>(H)</b></p>	<p>Promoting change is being driven by John Stebbings (Chief Property Officer) through raising awareness at ELT (Extended Leadership Team). This was presented on 6 March 2017.</p> <p>The Workplace Delivery Manager is still waiting to speak to employee services to progress this.</p> <p>There are plans to request this disclosure on a monthly basis from the contract manager, however this has yet to be progressed.</p> <p>The procedures have not yet been updated however this is under review.</p> <p>Information has been provided to reception staff to ensure entry and exit is recorded for members of the public attending meetings.</p>	<p></p> <p></p> <p></p> <p></p> <p></p>

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Management Action Plan (July - December 2016) – Progress update

Annex B

Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
Premises Security (Dec 16) cont'd	Significant Improvement Needed	<p>Security to be strengthened between the public gallery at County Hall and secure areas of the building. <b>(H)</b></p> <p>The alarm system at County hall should be set up so that different areas can be independently alarmed. <b>(H)</b></p> <p>CCTV at County Hall to be improved and a review of other sites performed for adequacy. <b>(H)</b></p>	<p>The Facilities team have been unable to secure the area between the public gallery and secure areas of the building however the risk has been mitigated by locking the doors of the public gallery when not in use and having a security presence when the public gallery is in use.</p> <p>As part of the Counter Terrorism Audit, contractors are looking at zoning the basement. Due to the nature of the building this has not been possible. Other measures are being considered.</p> <p>This has been delivered at County Hall. Other sites to follow.</p>	<p></p> <p></p> <p></p>

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Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
SAP Application and Interface Controls (Dec 16)	Some Improvement Needed	<p>Periodic and formalised review of user accounts should be performed to ensure the appropriateness of the accounts active on the system. The review should also ensure that user functions are in line with their job descriptions. <b>(M)</b></p> <p>Implement secure FTP to transfer files from ContrOCC to SAP server; and ensure reconciliations between ContrOCC and SAP are reviewed and signed off by a senior manager within the CSF Social Care Department before processing. <b>(M)</b></p> <p>The SAP / SIMS interface should be reviewed and consideration given to automation to avoid manual intervention; and secure FTP should be implemented for the transfer of files from Babcock4S to the SAP server. <b>(M)</b></p>	<p>SAP Security Team have agreed a process to review users' access based on the position they occupy on the organisational structure.</p> <p>The ContrOCC interface will be reviewed as part of the programme mapping and reviewing SAP interfaces. Interface controls will be reviewed to introduce automation and secure FTP where possible.</p> <p>The SAP / SIMS interface will be reviewed as part of the programme mapping and reviewing SAP interfaces. Interface controls will be reviewed to introduce automation and secure FTP where possible.</p>	<p></p> <p></p> <p></p>

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# Management Action Plan (July - December 2016) – Progress update


## Annex B

Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
Cyber Security (Dec 16)	Some Improvement Needed	<p>The Information and Risk Governance Board should receive and review a summarised report to assist trend analysis and governance over the resolution actions taken to eliminate or mitigate the impacts of known ICT vulnerability risks. <b>(M)</b></p> <p>Consider joining the Cyber Essentials Scheme (£300 p.a.) to transparently demonstrate the effective cyber security assurance credentials to the general public and other key stakeholders. <b>(M)</b></p> <p>For system configuration, use should be made of the audit policy and account lockout settings to enforce robust system accountability. <b>(M)</b></p> <p>Configure password access control settings to enforce compliance with the corporate IT Security Policy. <b>(M)</b></p>	<p>The IRGB now have a standing item to discuss vulnerabilities and emerging IT Risks.</p> <p>IRGB supported membership of the Cyber Essentials scheme. Application to the scheme has been prepared.</p> <p>The Windows local auditing and account lockout settings have been reviewed within the context of the laptops having BeCrypt installed (Disk encryption).</p> <p>Password complexity is enforced at a Corporate Directory level.</p>	<p style="text-align: center;"></p> <p style="text-align: center;"></p> <p style="text-align: center;"></p> <p style="text-align: center;"></p>

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



## Annex C

Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
Operation Horizon (May-14)	Some Improvement Needed	A process should be put in place for monthly payment of discounts due with the outstanding balance recovered from Kier MG immediately. <b>(H)</b>	<p>As the Audit report picked up at the time, the agreement of tonnages, and the subsequent discounts, was a fairly lengthy process. The outstanding balance for 2014/15 was paid to SCC, and values for 2015/16 have now been agreed. A payment of £1m has been transferred to SCC for 2015/16 with the final outstanding payment of £500k awaiting agreement of one remaining final account that was in dispute.</p> <p>Evidence was provided and verified by Internal Audit that the final payments of £500k were received and processed in March 2017 in time for FY 16/17 year-end.</p> <p>Management now have a process whereby they check the discount value bi annually, which provides more time for Kier to submit the final accounts for verification.</p> <p>Management may move this back to a quarterly process as the programme next year is significantly less than in previous years, so officers want the full discount value agreed and transferred to SCC at the end of the 6 month programme of works.</p> <p>This issue can now be removed from the recommendations tracker.</p>	

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



## Annex C

Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
Telecare (May 2015)	Some Improvement Needed	Consider the feasibility of incorporating metrics within the SLA that support qualitative outcomes assessments. In particular the auditor would suggest considering the number and type of sensor activations that resulted in a provider action and the outcome thereof. <b>(H)</b>	Telecare has been brought into a wider, national project, Technology Enabled Care Services (TECS), which will involve partnership working with Clinical Commissioning Groups. New ways of working and delivering TECS should be agreed by April 2017.	
Children’s Safeguarding Quality Assurance (QA) Process (Jun 2015)	Significant Improvement Needed	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. <b>(H)</b>	<p>Quality and performance is reported through senior management teams and includes learning from audits, observations of practice as well as feedback from service users. Quality and progress against practice improvement are regular items at the monthly Improvement Board meeting, where they receive member, officer and partner scrutiny. The quality of practice and the new QA framework will be discussed at the December Social Care Services Board, with the interim AD for Children’s and the Head of Quality and Experience attending.</p> <p>The new QA framework will include the requirement for at least an annual update to the Social Care Services Board on the quality of practice and additionally the AD for Children’s Services reports on key performance to the Performance and Finance Sub-group of the Social Care Services Board, which takes place bi-monthly - before each Board meeting.</p>	

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



## Annex C

Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
Trust Funds Follow-up (August 2015)	Significant Improvement Needed	Increase the levels of knowledge and understanding of managing charities of officers within legal, finance and services. <b>(H)</b>	Work is continuing to transfer the majority of trust funds to the Community Foundation for Surrey. The future arrangements for remaining trusts are being reviewed on an individual basis in consultation with other trustees. This should ensure all remaining trusts are more effectively managed.	
Information Governance (September 2015)	Some Improvement Needed	Action is required to give IG teams much clearer visibility about which staff (and agency staff) have or have not completed compulsory e-learning and classroom training. The potential for recording IG training data in SAP should be explored with HR and IMT. <b>(H)</b>	E-learning data is available on request from the Learning Development Team however it is not the practice for the IG team to obtain this data to determine which staff have or have not completed training. No monitoring takes place. Classroom training is now underway for ASC and CSF (since July 2016) with Corporate training having started in September 2016.	

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

## Annex C

Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
Nursery Education (October 2015)	Significant Improvement Needed	The service should develop an effective rolling programme of audit visits to ensure compliance with funding requirements <b>(H)</b>	<p>A group of senior service managers have been identified as appropriate to carry out audit inspections across the sector.</p> <p>Initial meetings have been held with them and they have agreed to slot some time in their diaries to undertake the audits (1 or 2 a month as a first approach)</p> <p>A set of guidance and procedural notes has been developed, including risk assessment</p> <p>A list of settings for the first audits has been drawn up some visits to settings, made by the Free Early Education team, have taken place but these have been around targeted support/review requirements, rather than specifically for audit purposes although our practice is to gather information during all visits</p>	
Transport for Education (Mar-16)	Significant Improvement Needed – for arrangements within S&L team	Senior management in S&L should consider securing additional resources at least on a temporary basis to review case files and update EMS first with correct eligibility codes and the upload it on MTC. <b>(H)</b>	The SEND Transport Commissioning Programme has overall responsibility for implementing these and the work is currently underway.	



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

Annex C

Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
Foster Care Service Arrangements (Mar-16)	Unsatisfactory	<p>A log of completed training and other exercises should be recorded and maintained in LCS. The service should have a clear policy in place to ensure that all foster carers are meeting the minimum training requirements as required by the National Minimum Standards. <b>(H)</b></p> <p>Courses on ‘health and hygiene’ and ‘positive care and control of children, including training in ‘de-escalating problems and disputes’ should be included on the Training and Development Framework to ensure compliance with the National Minimum Standards. <b>(H)</b></p> <p>Supervision visits, annual reviews and unannounced visits should be managed centrally to ensure that they are completed in a timely manner in accordance with statutory regulations. <b>(H)</b></p> <p>Controls should be reviewed on SRM and software that is fit for purpose should be implemented to manage foster carers’ expense claims. <b>(H)</b></p>	<p>In future all planned events will be registered as events on SAP with delegate attendance registered post event. Note: There may be some training courses attended by foster carers that are not organised by HR Training Delivery and or the Fostering Service. In such circumstances, these records will be held on LCS and registered on the foster carer’s annual review documentation.</p> <p>L&amp;D and Fostering Service reps sit on ‘Three approaches’ working group. Methodologies and policy under review and will be integrated into courses aims and commissioning of future training.</p> <p>Alert system not operational yet, so parallel systems of LCS and spreadsheets will be kept until this is fully functional.</p> <p>As yet not in place electronically. To be implemented as part of next phase for ContrOCC</p>	<p style="text-align: center;"></p> <p style="text-align: center;"></p> <p style="text-align: center;"></p> <p style="text-align: center;"></p>
<p>Notes: (1) Audit opinion is as stated in the relevant Internal Audit Report                  (2) Recommendation priority may be High (H), Medium (M) or Low (L)                  (3) Red/Amber/Green (RAG) status is a high level assessment of progress</p>		5		

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

Annex C


Audit (report date)	Audit opinion (1)	Recommendations for improvement (priority) (2)	Management action to date	Audit assessment (RAG) (3)
Suspensions and HR Case Management (Apr-16)	Some Improvement Needed	HR Management should continue to expedite provision of the specified system reports as these are integral to the effective management, supervision and control of team casework performance. <b>(H)</b>	Greg Nicol, Head of HR Advisory has confirmed that a new case management system has been implemented which produces reports of suspended staff members and these are available to all team members. There is a clear process that must be followed prior to any suspension. At regular intervals, during management casework meetings and team meetings, all live disciplinary cases are reviewed, particularly cases where there has been a suspension to check whether suspension should continue. An up to date position of the investigation will be considered and appropriate pressures is put on all cases to ensure that they are determined as quickly as possible.	
HIV Service (Apr-16)	Some Improvement Needed	The Public Health Service should work with Procurement and Commissioning to agree a forward plan to maintain the HIV Service. <b>(H)</b>	Public Health continues to work with procurement on plans for 2017/18. It was hoped that this work would align with the council’s advocacy services re-tender. Public Health are working to identify potential gaps in service provision post March 2017 and how to ameliorate these.	

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## Annex C

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Contract Monitoring – Children’s School and Families (Jun-16)	Some Improvement Needed	<p>CSF in liaison with Finance should implement a thorough financial monitoring process for the Hillcrest contract and proper price analysis should be undertaken for spot and block placements to ascertain if further block placements will provide better value for money. <b>(H)</b></p> <p>Regular contract and financial monitoring processes with a focus on the higher cost for SEND education packages with Priory and Radius Trusts should be introduced to ensure value for money and quality is achieved and consistency across placements with the same level of assessed needs. <b>(H)</b></p>	<p>Contract and financial monitoring processes in CSF are being strengthened through:</p> <ol style="list-style-type: none"> <li>1. Integration of commissioning functions across CSF to form single Commissioning &amp; Prevention Service, led by Garath Symonds, Assistant Director for Commissioning &amp; Prevention</li> <li>2. Development of single register of external spend across CSF on contracts, grants and other payments (circa £194 million).</li> <li>3. Rigorous approach to forward planning of commissioning and procurement with Services, Procurement and Finance</li> <li>4. Strengthening of contract management arrangements, working with Services, Procurement and Finance.</li> <li>5. Focus on SEND commissions to improve outcomes and value for money through Strategic Relationships Management.</li> </ol>	

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## 2016/17 Annual Internal Audit Plan

Status @ May 2017

### Corporate Governance Arrangements

CRSA and S151 responsibilities  
Risk Management  
Annual Governance Statement - Internal Audit Opinion  
Information Governance  
Organisational Ethics

Report issued  
Report issued  
Report issued  
Report issued  
In Progress

### Key Financial and Non Financial Systems

SAP Application controls - policy, roles and access  
Accounts Payable  
Capital Expenditure Monitoring  
Payroll  
Accounts Receivable  
Revenue Budget Control  
Treasury Management  
General Ledger  
Financial Assessments and Benefits  
Pension Administration  
Pension Fund Investments

Report issued  
Report issued  
In Progress  
Report issued  
Draft report  
In Progress  
Cancelled  
Report issued  
In Progress  
Report issued  
Cancelled

### Grants

Government Grants  
EU Grants

Completed  
N/A

### Contract Reviews

Public Health Contract Preparedness  
Stop Smoking Service  
Highways Contract Management  
Adecco Contract  
Adult Block Contracts  
Contract Management  
Procurement Transformation

Audit Cancelled  
Report issued  
Report issued  
Report issued  
Deferred to 2017/18  
Report issued  
Support provided

### Adult Social Care

ALS Replacement  
No recourse to Public Funds  
Better Care Fund  
Quality Assurance & Safeguarding  
Carers  
Community Equipment  
Home Based Care  
Deprivation of Liberty

Report issued  
In Progress  
Report issued  
Report issued  
Report issued  
Report issued  
Report issued  
In Progress

### Business Services

Health & Safety  
Managed Print Service

Report issued  
Report issued

BACS Software	Report issued
Savings/Budget Pressures	In Progress
Premises Security	Report issued
PSO Compliance - RFQ	Report issued
Highways Works Management System	Cancelled
Open-up IMT Security Programme	In Progress
IMT Useage Policy	In Progress
SAP Interfaces	Report issued
Network Controls (Cyber Security)	Report issued
Social Media	Draft report
<b>Chief Executive's Office</b>	
Public Service Transformation	Report issued
Public Value Transformation	Audit cancelled
<b>Children's Schools and Families</b>	
Schools Compliance	Support provided
Special Schools	Audit cancelled
Multi-Agency Safeguarding Hub	Report issued
Schools Data Analysis	Support provided
SEND 2020	Draft report
Early Help	Report issued
Children's Improvement Plan	Report issued
<b>Environment and Infrastructure</b>	
CIL & S106	Report issued
Community Transport	Deferred to 2017/18
Bus Operating Contracts	Deferred to 2017/18
Parking	Report issued
Highways Design Process	Draft report
Highways Commissioning & Delivery Model	Report issued
Integrated Waste Management System	Deferred to 2017/18
<b>Follow-up Audits including:</b>	
Foster Care	Report issued
Nursery Education	Deferred to 2017/18
Trust Funds	Report issued
Surrey Choices	Report issued
Highways Schemes Communication	In Progress
Youth Services	Report issued



Audit & Governance Committee  
13 June 2017

**Full-year summary of Internal Audit irregularity investigations and counter fraud measures  
1 April 2016 – 31 March 2017**

**Purpose of the report:**

The purpose of this report is to inform members of the Audit and Governance Committee about irregularity investigations and proactive counter fraud work undertaken by Internal Audit between 1 April 2016 and 31 March 2017. This report complements and builds upon the half-year irregularity report presented to this committee on 5 December 2016.

**Recommendation**

The committee is asked to:

1. Note the contents of this report; and
2. Note the Fighting Fraud Plan 2017/18, attached at Annex B.

**Introduction**

3. The council's Financial Regulations require all officers and members of the council to notify the Chief Internal Auditor of any matter that involves, or is thought to involve, corruption or financial irregularity in the exercise of the functions of the council. Internal Audit will in turn pursue such investigations in line with the Counter Fraud Strategy and Framework.
4. The annual Internal Audit Plan for 2016/17 carried within it a contingency budget for 'Irregularity and Special Investigations' of 340 days. This contingency covered time to investigate 'irregularities' (actual or alleged financial impropriety, corruption, and other similar matters) as well as time for proactive counter fraud work and the National Fraud Initiative (NFI), detailed in the latter part of this report.
5. Special ad hoc reviews not originally included in the agreed annual plan are also charged against this contingency if commissioned in-year by members or senior managers. While often linked to concerns raised by management or members, these reviews may also arise during the course of planned audit work. Examples of such work undertaken in the second half of 2016/17 include assisting a school with a grant return to the Department for Education and supporting a personnel-related investigation in Property Services.

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

### Summary of investigations between 1 April 2016 and 31 March 2017

#### Resources

7. During the 2016/17 financial year, a total of four officers undertook work on irregularity investigations excluding ad hoc special reviews. The total time spent on investigations was 71 days (36 days in the first half of the year; 35 days in the second half of the year), which approximates to 0.63 of a full time equivalent post.
8. Based solely on the hourly rates of these officers, the total amount spent on the investigation of fraud and irregularity was £12,508 (increasing to £33,538 including average employer pension contributions and recovery of overhead charges).

#### Number and types of investigations

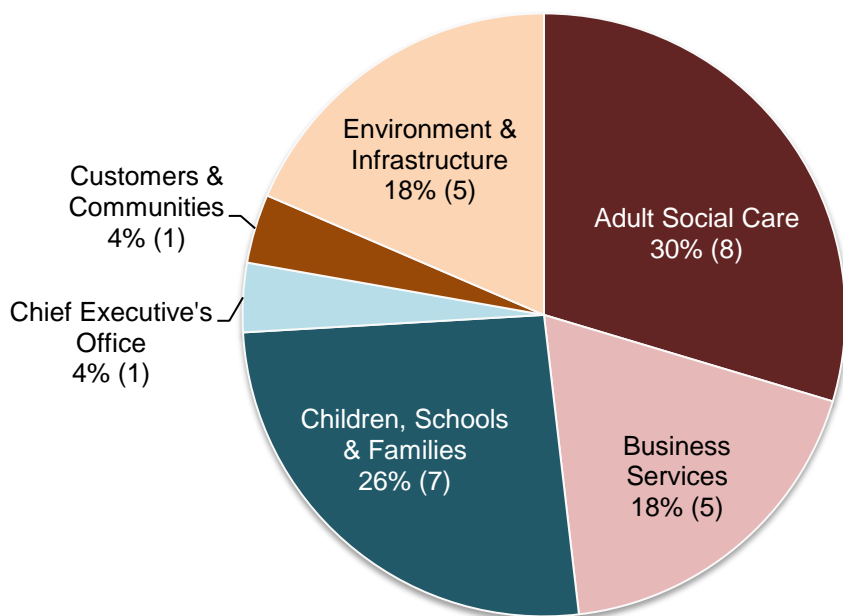
9. A total of 27 investigations commenced during the 2016/17 financial year (13 in the first half of the year; 14 in the second half of the year). In addition, one case carried forward from 2014/15 is ongoing due to court proceedings. For comparison, 39 investigations commenced during the 2015/16 financial year.
10. New cases were brought to the attention of Internal Audit by the following methods:
- 9 were raised by council management;
  - 9 arose due to whistle blowing allegations, 4 of which were through Expolink;
  - 5 originated as a complaint from a member of the public;
  - 3 came to light during routine audit work; and
  - 1 was referred by another local authority.
11. The conclusions reached following the investigations are shown below with the number of cases in parentheses. For those cases 'not proven', this is based on the specific allegations investigated; for example, while it may not be possible to prove 'theft' has occurred, a conclusion of 'poor control' might still be reached. The conclusions reached for investigations commenced in 2015/16 are also shown for comparison.

Conclusion	2015/16	2016/17
Proven	33.0% (13)	44.5% (12)
Not Proven	64.0% (25)	44.5% (12)
Ongoing	3.0% (1)	11.0% (3)
<b>Total cases</b>	<b>39</b>	<b>27</b>

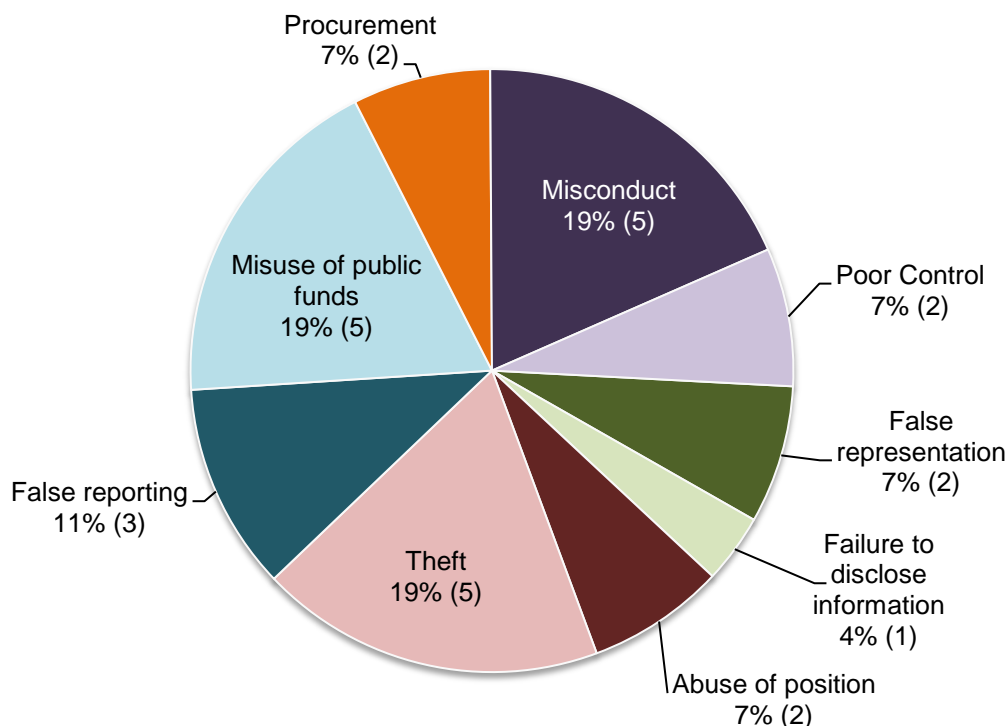
12. Full details of the categories by which fraud and irregularity investigations are reported are attached at Annex A. All proven fraudulent or irregular behaviour by officers may be considered misconduct; similarly, poor controls increase the likelihood of fraud occurring. The categories therefore reflect alleged specific types of fraud or irregularity.

13. The proportion of all recorded irregularities across the council's directorates is shown in Figure 1, while Figure 2 shows the categories of investigations undertaken. The number of investigations is shown in parentheses.

**Figure 1.** Investigated irregularities by directorate from 1 April 2016 to 31 March 2017



**Figure 2.** Summary of irregularities by type from 1 April 2016 to 31 March 2017



14. Tables 1 to 3 outline the category and allegations for cases commenced in the second half of 2016/17. Summarised outcomes are also shown for completed investigations. Some cases may involve the allegation or investigation of more than one type of irregularity; the summaries therefore show the primary reason for investigation.

**Table 1.** Proven: 7 cases (12 over the full year)

Category	Allegation	Outcome
False representation	Council charged for work not undertaken by a sub-contractor	Issues being addressed by the service and advice given to strengthen management controls
	Suspicious behaviour by an individual applying for council-funded social care services	Financial loss to the council prevented due to the investigation concluding the individual was not eligible for funded care services
Theft	Over £400 of charges incurred on a council-issued mobile phone after the employee left the council	Appears the phone was stolen from council premises by persons unknown; phone cancelled and new processes implemented to prevent a reoccurrence
Misuse of public funds	Officer incurred charges of almost £1,000 on a council mobile phone due to personal and/or international usage	Full amount recovered; no further action due to lack of evidence of dishonest behaviour
	Member incurred charges in excess of £1,000 on a council mobile phone due to personal and/or international usage	Full amount recovered; no further action due to lack of evidence of dishonest behaviour
Misconduct	Social media posts showed an employee undertaking activities contrary to their long-term sickness absence	Employee resigned with immediate effect before being interviewed
Poor control	Whistle blowing regarding poor management practice within a multi-agency service	Poor system controls and procedures identified; findings contributed to a wider management report

**Table 2.** Not proven: 4 cases (12 over the full year)

Category	Allegation	Outcome
Abuse of position	School officer submitting their own payroll changes while working a high volume of hours	Weak management controls rather than fraud; advice given to improve controls and comply with working time regulations
False reporting	Concerns regarding the reporting of case statistics by two senior managers	Weak management controls rather than fraud; advice given to the service
Misuse of public funds	Irregular cheque withdrawals from a school bank account	Weak management controls rather than fraud or theft; advice given to the service
Procurement	Purchase of IT equipment by a senior manager without following proper procurement processes	No evidence found to support the allegation



**Table 3. Ongoing: 3 cases**

<b>Category</b>	<b>Allegation</b>
Failure to disclose information	Failure by an individual to declare all financial assets in order to obtain council-funded social care
Misuse of public funds	Inappropriate spend by a charity of grant funding from the council
Misconduct	Officer undertaking work for another organisation during council-contracted hours

### **Proactive fraud prevention and awareness work**

#### **Fighting Fraud Plan**

15. In line with the council's responsibility to safeguard public funds, Internal Audit delivered proactive reviews in key areas to tackle fraud and corruption as part of the 2016/17 Fighting Fraud Plan. This included areas identified as requiring improvement following an assessment of the council's fraud management arrangements against the 'Fighting fraud and corruption locally strategy' published by the Department for Communities and Local Government.
16. As reported to this committee in December 2016, reviews were undertaken of gifts and hospitality arrangements, schools payroll data, and address verification for schools admissions. While no instances of fraud were uncovered, recommendations were made to strengthen management arrangements and reduce the risk of fraud or error occurring. Work undertaken in the latter half of 2016/17 includes:
  - The implementation of a new Counter Fraud Strategy and Framework, which includes a separate Anti-Bribery Policy and Sanctions Policy;
  - The profiling of fraud risks based on best practice and the development of a consistent Fraud Risk Register across Orbis partners; and
  - Initial analysis of the council's mobile phone data resulting in the recovery of over £2,000 of inappropriate charges incurred by officers and members.
17. The Internal Audit Plan for 2017/18 includes a contingency budget of 340 days for irregularity and special investigations as well as fraud prevention. Internal Audit will continue to strengthen its programme of proactive fraud and corruption work, as outlined in the Fighting Fraud Plan 2017/18 attached at Annex B.
18. It is intended that much of the plan will be delivered by working jointly with Orbis partners and, where possible, across all three councils to allow sharing of good practice and a consistent approach to tackling fraud. The 2017/18 plan includes a number of items that were also on the 2016/17 plan. This reflects either ongoing work, annual review, or expanded or different data sets.

#### **Overseas pensioner verification**

19. Further to the update presented to this committee in December 2016, the verification exercise of people who live overseas and receive pension payments from the council is now complete. The outcomes from this exercise provide assurance that money is being paid to the intended person and losses to the pension fund caused by payments being made to deceased pensioners are prevented.

20. Letters were sent to all 455 pensioners living abroad and, of the 443 responses received, no issues were identified. Where no response was received, one case is being followed up. Pension payments have been suspended for the remaining 11 cases where no response was received, with a total value of £2,000 per month.

### **National Fraud Initiative**

21. The results from the biennial National Fraud Initiative exercise, overseen by the Cabinet Office, were received in January. The exercise compared almost a million council records relating to payroll, pensions, creditors, social care direct payments, Blue Badges and concessionary travel passes, with data from 1,300 public and private sector organisations to help prevent and detect fraud and error.
22. The exercise identified over 27,000 data matches, which will be investigated for evidence of fraud and error. The results from the initial review of over 10,000 data matches include:
- No issues relating to the immigration status of employees;
  - No issues relating to deceased records and social care direct payments;
  - No evidence of organised crime in relation to insurance claims;
  - The cancellation of 1,770 Blue Badges; and
  - Almost 8,000 'false positives' in relation to duplicate invoices.

### **Partnership working**

23. Since being formed in 2015, the Surrey Counter Fraud Partnership has delivered significant savings across the county. All 11 of Surrey's boroughs and districts are represented in the partnership as well as Surrey Police and Trading Standards. This allows greater sharing of joint working and best practice to ensure a robust approach to protecting public funds from loss through fraud and error.
24. To date, the partnership has delivered savings of over £8million including through:
- The recovery of 88 properties allowing reallocation to families in genuine need;
  - The prevention of 66 property allocations and the rejection of 30 homeless applications on the grounds that applicants were not eligible, not in genuine need, or had lied to enhance their application;
  - The rejection of 43 Right-to-Buy applications on the grounds that applicants were not entitled to the discount or had lied on their application; and
  - The collection of an additional £842k in Business Rates.

## **Implications**

### **Financial and value for money**

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

### **Equalities**

26. There are no known equalities implications in this report. All individuals responsible for managing or receiving public money are dealt with on an equal basis.

**Risk management**

27. Combating fraud will contribute to improved internal control and value for money.

**Next steps**

28. The Internal Audit team will deliver the 2017/18 Fighting Fraud Plan and outcomes will be reported in line with the Reporting and Escalation Policy.

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**Report contact:** Reem Burton, Lead Auditor, Internal Audit

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

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Reporting categories for irregularities

Annex A

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

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**Fighting Fraud Plan 2017/18****Fraud awareness**

- Continued delivery of fraud awareness presentations and workshops
- Development of shared e-learning for SCC and ESCC
- Orbis-wide cyber fraud publicity campaign

**Fighting Fraud Locally**

- Data matches from the National Fraud Initiative 2016
- IT systems access and application controls
- School admissions address verification
- Allpay prepaid cards
- Staff parking permits

**Orbis joint work**

- Procurement data mining
- Purchase cards
- Mobile phone usage
- Vendor bank account management
- Grant fraud
- Local Assistance Scheme/Local Discretionary Fund

**Surrey Counter Fraud Partnership**

- Single Person Discount exercise
- Development of data hub
- Identity verification tools

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**Audit & Governance Committee  
13 June 2017**

**Annual risk management report**

**Purpose of the report:**

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

**Recommendations**

It is recommended that the committee:

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

**Introduction**

4. The terms of reference of the Audit and Governance Committee include the requirement to monitor the effective development and operation of the council's risk management arrangements. This report summarises the risk management activity from April 2016 to date and provides an update on the Leadership risk register.

**Risk management arrangements**

5. The diagram below describes the council's risk management and governance arrangements;



- The **Statutory Responsibilities Network (SRN)** is provided with a monthly risk update from the Director of Finance (strategic lead for risk management). The risk updates are focused on the Leadership risk register and emerging risks, but also includes the risk strategy and specific risk information such as the risk overview.
- The **Strategic Risk Forum (SRF)**, chaired by the Director of Finance, meets on a bi-monthly basis. The forum scrutinises and challenges strategic risk and discusses risk arrangements across the council to ensure a consistent approach is applied.
- The Leadership risk register is presented to Cabinet on a quarterly basis to provide oversight of the council's strategic risks and controls.
- The Leadership risk register is also presented to the Audit and Governance Committee to facilitate the monitoring and scrutiny of the council's risk management arrangements and of the council's strategic risks and controls.

### Progress on key actions from 2016/17

- The 2016/17 risk management plan identified three key risk management actions for the year and progress is summarised below.

#### **Ensure the council's risk arrangements are fit for purpose and support new ways of working.**

- Strong risk leadership, supported by a network of risk representatives, continues to ensure that management teams at all levels across the organisation focus on having effective conversations about risk and that the risk registers (operational and strategic) document and inform those discussions. Emerging risks or risks that are becoming more significant are escalated through the risk governance arrangements (shown above) as appropriate.

12. Each service has a named risk representative who is responsible for supporting management teams with their risk management, including embedding understanding of risk and ensuring regular risk register reviews.
13. The council's risk profile is dynamic and therefore the risk management structure must be flexible enough to address this. This is relevant in relation to new ways of working, with particular reference to shared services and partnership arrangements. An example of this has been the creation of an Orbis risk register, which includes risks relating to the development and operation of the Orbis shared services agreement. This risk register contains risks relevant to both Surrey County Council and East Sussex County Council, and, as Orbis develops, will contain risks relevant to Brighton & Hove City Council.
14. The Risk Management function is also an example of new ways of working. The Risk and Governance Manager is currently seconded to support the development of the Orbis Finance integration project and therefore the risk management function at Surrey County Council is currently being managed by the Risk Manager from East Sussex County Council. This will assist with the consolidation and integration of the risk management function with the aim of further strengthen this function at both councils.

**Continue to moderate, challenge and present risk information in a clear and transparent way across the organisation**

15. Risk registers are continually evolving alongside organisational changes and new ways of working. The Strategic Risk Forum (SRF) reviews and discusses strategic and operational risk registers at each meeting to ensure they are consistent and support risk discussions within services and directorates.
16. The Leadership risk register has been extensively reviewed by the Statutory Responsibilities Network to ensure there is continued focus on the significant risks facing the organisation. The Leadership risk register now has eight risks, split into two sections of four strategic risks and four cross-cutting risks.
17. The Risk Manager provides support, guidance and challenge to assist with the development of risk registers and the further embedding of sound risk management practice across the council. In April 2017, the Risk Manager facilitated a risk workshop with the Senior Management team from the integrated Orbis Procurement function to refresh the Procurement team risk register.

**Gain assurance on links between strategic / operational risk and programme/project risk.**

18. Programmes and projects are a fundamental vehicle for change and therefore it is essential that these are included in the risk management process. Consequently the risk management arrangements that apply to programmes and projects has been reviewed to ensure that corporate risk management standards and practice are being applied and that relevant risks are regularly reviewed by Project and Programme Boards.
19. While Programmes and projects are free to use their own risk register formats, the fundamental elements remain consistent and in line with Corporate standards, which

facilitates the escalation of relevant risks to service or strategic level, should this be required.

### **Risk management strategy and plan**

20. The risk management strategy 2017-20 (Annex A) clearly sets out the council's risk management approach, in alignment with the Corporate Strategy.
21. The risk management strategy is supplemented by the risk management plan which outlines the risk governance arrangements, specific roles and responsibilities and the key risk actions for 2017/18 which are:
  1. Continue to ensure the risk management arrangements are fit for purpose and support new ways of working
  2. Continue to moderate, challenge and present risk information in a clear and transparent way across the organisation; and
  3. Investigate the strengthening of links between Risk Management and Internal Audit to improve programme and project reviews. Also improve links between Risk Management and Business Continuity with particular reference to consistency of risk registers.
22. The risk management strategy and plan have been reviewed by the Strategic Risk Forum and the Statutory Responsibilities Network.

### **Assurance**

#### **Internal audit review**

23. The Internal audit team provide an annual independent assessment of the risk management arrangements. Consequently an audit of the risk management function was undertaken in February 2017.
24. The overall Audit Opinion was 'Some Improvement needed' with three recommendations made. Of these recommendations, 1 was considered of 'medium' priority and 2 were considered 'low' priority.
25. The medium level recommendation related to further awareness of applying sound risk management practice to Projects and Programmes, particularly in relation to risk escalation. The low level recommendations related to the consideration of an induction checklist for newly appointed risk representatives and ensuring compliance with the guidance for the submission of risk registers for review.
26. All audit recommendations have been accepted and will be completed by the required deadlines agreed in the audit.

#### **Strategic risk comparison**

27. The council also takes part in a Strategic Risk comparison exercise with several other County and Unitary council's in the South East region. This exercise was last undertaken in January 2017 and is scheduled to be repeated in July 2017.
28. All councils have a different risk profile, which reflect their different social, economic and geographical circumstances as well as their varying priorities. This makes direct comparison of individual risks impossible. However, it is possible to identify broad risk

themes and these are used as a 'sense check' with reference to the Leadership risk register.

### Leadership risk register

29. The Leadership risk register (Annex B) is owned by the Chief Executive and shows the council's 8 key strategic risks as at 31st May 2017.

### Changes to the risk register

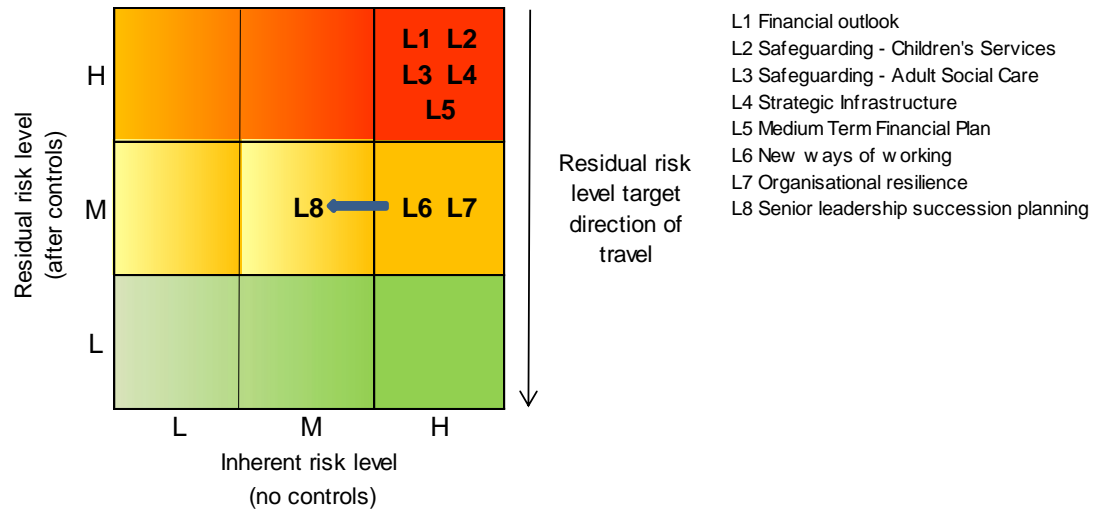
30. Since the Leadership risk register was last presented to the committee in March 2017 the following changes have been made;
- **Financial Outlook (L1)** – risk description, processes and controls updated to further reflect the financial position;
  - **Safeguarding** – Children's Services (**L2**) and Safeguarding – Adult Social Care (**L3**) – processes and controls have been updated;
  - **Strategic Infrastructure (L4)** – risk has been renamed (previously 'Devolution') and the risk description altered to reflect the broader scope of the risk. Processes and controls have also been updated.
  - **Medium Term Financial Plan (L5)** – updates to the processes and controls to reflect changes regarding the financial position.
  - **New Ways of Working (L6)** – risk description has been updated to reflect the broader aspects of the risk. Processes and controls have also been updated.
  - **Organisational Resilience (L7)** – risk description and processes updated.
  - **Senior Leadership Succession Planning (L8)** – the controls and processes have been updated.

Risk levels have been decreased for the following risks:

- **Senior Leadership Succession Planning (L8)** – the inherent risk level has been decreased from high to medium.

### Residual risk level

31. 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 or are being put in place, detailed on the risk register as both 'processes in place' and 'controls.'
32. There are eight risks on the Leadership risk register. Seven risks have high inherent risk levels and one risk (L8) has a medium inherent risk level, as illustrated in the table below. Despite mitigating actions, five of these risks have a high residual risk level (L1,L2,L3,L4,L5) and three risks have a medium residual risk level (L6,L7,L8): showing the significant level of risk that the council is facing despite the processes and controls being put in place to manage the risks.



## Implications

### Financial and value for money implications

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

### Equalities and Diversity Implications

34. There are no direct equalities implications in this report.

### Risk Management Implications

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

**Report contact:** Rawdon Phillips, Risk Manager, Finance

**Contact details:** 01273 481593 or rawdon.phillips@eastsussex.gov.uk

### Sources/background papers:

- *Risk management reports, Strategic Risk Forum and Council Risk and Resilience Forum agendas and minutes*

## PURPOSE

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

## VISION

A risk culture that supports

**ONE** place

**ONE** budget

**ONE** team for Surrey

## VALUES



**Listen**



**Responsibility**



**Trust**

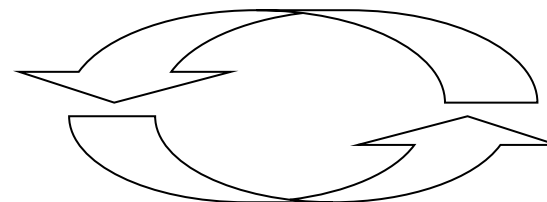


**Respect**

## Context

The demand for council services continues to grow while financial resources are decreasing. Effective risk management is an integral part of ensuring the continued delivery of our services and providing organisational resilience during major change and transformation.

This Risk Management Strategy supports the achievement of our key priorities, goals and service delivery to residents. It is supplemented by our risk management plan that sets out our key risk actions for the coming year.



### INTEGRATED APPROACH:

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

### RISK PROCESS:

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

### GOVERNANCE:

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

## Our strategic approach to risk management

### 1. Principles

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

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

### 2. Benefits

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

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

### 3. Realisation

**Realisation of the principles and benefits will be achieved through:**

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

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

## Challenges and opportunities

The ongoing climate of funding reductions, demand increases and changing responsibilities for Local Government continues to bring significant risk as well as opportunities. Sustaining the council's strong organisational resilience will require working differently, effectively managing our risks and realising the opportunities identified by new ways of working.

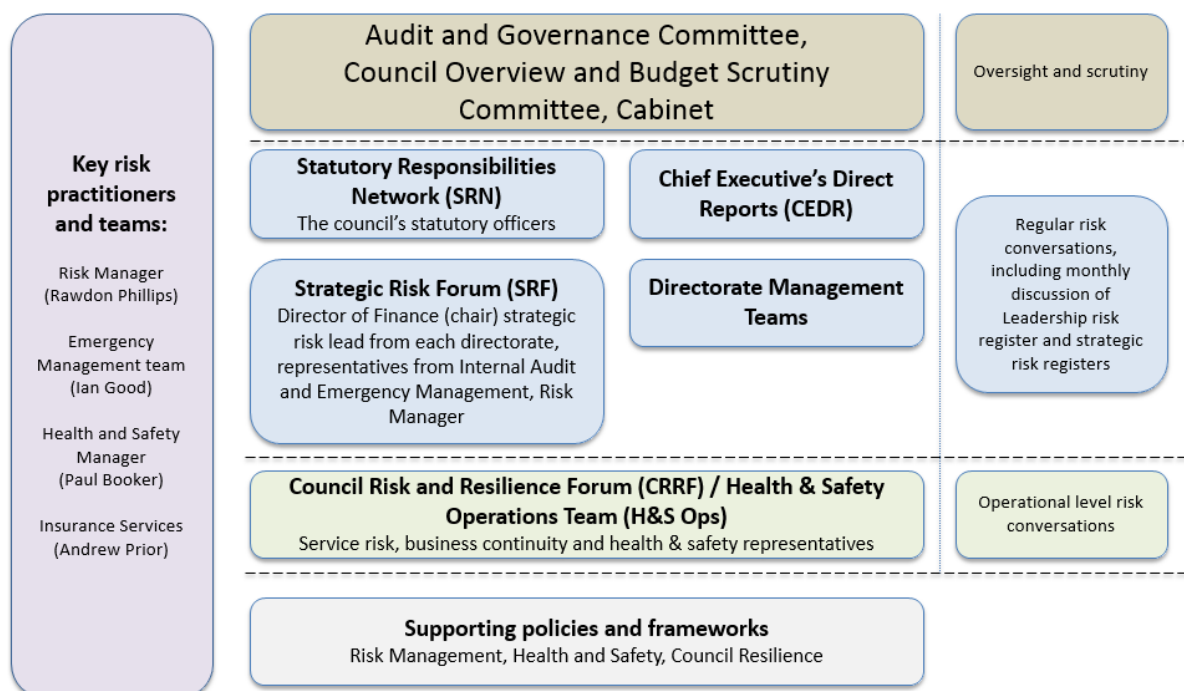
Risk management is a continuous and evolving process that runs through everything we do. Continually identifying and managing risks and opportunities increases the probability of success and supports the achievement of our goals and priorities.

## Key actions

During 2017/18 three risk management actions will be prioritised to support the achievement of the council's corporate strategy:

1. Continue to ensure the risk management arrangements are fit for purpose and support new ways of working.
2. Continue to moderate, challenge and present risk information in a clear and transparent way across the organisation.
3. Investigate the strengthening of links between Risk Management and Internal Audit to improve programme and project reviews. Also improve links between Risk Management and Business Continuity with particular reference to consistency of risk registers.

## Risk governance



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

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



## Roles and responsibilities

9

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

## Review

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

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# Leadership risk register as at 31 May 2017 (covers rolling 12 months)

Owner: David McNulty

**Strategic risks** – have the potential to significantly disrupt or destroy the organisation

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	CSF7 EAI1 FN1 ORB10	<b>Financial outlook</b> Further reductions in funding, due to constraints in the ability to raise local funding and/or distribution of funding, results in significant adverse long term consequences for sustainability and service reductions leading to significant implications for residents.	<b>High</b>	<ul style="list-style-type: none"> <li>Structured approach to ensuring Government understands the council's Council Tax strategy and unsustainable impact of current funding mechanism.</li> <li>Targeted focus with Government to secure a greater share of funding for specific demand led pressures (in particular Adult Social Care).</li> <li>Proactive engagement with Government departments to influence Government policy changes (especially relative needs assessment, 100% business rate retention policy, learning disabilities and Better Care Fund).</li> <li>Continued horizon scanning of the financial implications of existing and future Government policy changes.</li> <li>Development of alternative / new sources of funding (e.g. bidding for grants).</li> <li>New Members induction programme in place (May to July) to introduce them to the council and thereby facilitate informed decision making.</li> </ul> <p>Notwithstanding actions above, there is a significant risk of Central Government policy changes /austerity measures due to changes in ministerial responsibilities impacting on the council's long term financial sustainability.</p>	<ul style="list-style-type: none"> <li>Members make decisions to stop new spending, reduce spending and or generate alternative sources of funding, where necessary, in a timely manner.</li> <li>Officers unable to recommend MTFP unless a credible sustainable budget is proposed.</li> <li>Members proactively take the opportunities to influence central Government.</li> <li>Officers continue to analyse events and create budget scenarios.</li> <li>The council uses external expertise to confirm the facts relating to its sustainability.</li> <li>The council is pro-actively preparing to seek to participate as a pilot authority for 100% Business Rates Retention Scheme as soon as the Government formally invites interest.</li> </ul>	Director of Finance	<b>High</b>
L2	CSF3,4,9	<b>Safeguarding – Children's Services</b> Avoidable failure in	<b>High</b>	<ul style="list-style-type: none"> <li>Working within the frameworks established by the Children's Safeguarding Board and the Social Care Services Board ensures the</li> </ul>	<ul style="list-style-type: none"> <li>Timely interventions by well recruited, trained, supervised and managed professionals</li> </ul>	Deputy Chief Executive and Strategic	<b>High</b>

Key to references:

ASC = Adult Social Care risk

CSF = Children, Schools and Families risk

C&C = Customers and Communities risk

EAI = Environment and Infrastructure risk

FN = Finance Service risk

ORB = Orbis risk

## Leadership risk register as at 31 May 2017 (covers rolling 12 months)

Owner: David McNulty

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)
		Children's Services, through action or inaction, including child sexual exploitation, leads to serious harm, death or a major impact on well being.		<p>council's policies and procedures are up to date and based on good practice.</p> <ul style="list-style-type: none"> <li>The Adult Social Care and Children, Schools and Families Multi-Agency Safeguarding Hub went live on 5 October 2016 facilitating the sharing of good practice.</li> <li>The Children's Services Improvement Plan was refreshed in October 2016 and is being delivered to address the improvement notice dated 26 January 2016 and strengthen service and whole system capability and capacity. Ofsted visit on a quarterly basis to monitor progress.</li> <li>Assistant Director roles and responsibilities have been reshaped to strengthen leadership and governance. Appointees are now all in place.</li> </ul>	<p>ensures appropriate actions are taken to safeguard and promote the wellbeing of children in Surrey.</p> <ul style="list-style-type: none"> <li>Actively respond to feedback from regulators.</li> <li>Robust quality assurance and management systems in place to identify and implement any key areas of learning so safeguarding practice can be improved.</li> <li>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.</li> <li>An Improvement Board (chaired by the Deputy Leader) oversees progress on the Improvement Plan and agrees areas of action as required.</li> </ul>	Director of Children's Schools and Families	
L3	ASC6,7,13,14	<p><b>Safeguarding – Adult Social Care</b></p> <p>Avoidable failure in Adult Social Care, through action or inaction, leads to serious harm, death or a major impact on wellbeing.</p>	<b>High</b>	<ul style="list-style-type: none"> <li>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.</li> <li>The Adult Social Care and Children, Schools and Families Multi Agency Safeguarding Hub went live on 5 October 2016 facilitating the sharing of good practice.</li> <li>Established a locality safeguarding advisor to</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>Actively respond to feedback</li> </ul>	Strategic Director of Adult Social Care & Public Health	<b>High</b>

Key to references:

ASC = Adult Social Care risk  
 CSF = Children, Schools and Families risk

C&C = Customers and Communities risk  
 EAI = Environment and Infrastructure risk

FN = Finance Service risk  
 ORB = Orbis risk

## Leadership risk register as at 31 May 2017 (covers rolling 12 months)

Owner: David McNulty

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)
				assure quality control. <ul style="list-style-type: none"> <li>Strong leadership, including close involvement by Associate Cabinet Member for Adult Social Care in safeguarding functions.</li> </ul>	from regulators. <ul style="list-style-type: none"> <li>One year on from the implementation of the Care Act, a new strategic plan for safeguarding within ASC will be implemented.</li> </ul>		
L4		<b>Strategic Infrastructure</b> Failure to achieve a coherent response to the strategic infrastructure challenges facing the county leaves the council at risk of infrastructure failing to be adequately provided.	<b>High</b>	<ul style="list-style-type: none"> <li>The Council is fully involved in the establishment of a shadow Sub National Transport Body to support the delivery of major strategic transport infrastructure.</li> <li>Programme office and workstream sponsors and leads agreed with roles and responsibilities defined.</li> <li>Regular meetings of local authority Leaders and Chief Executives.</li> <li>Regular engagement with central government at both political and official level. Negotiation with Government underway – Heads of Terms sent to officials as basis for negotiations.</li> </ul>	<ul style="list-style-type: none"> <li>Keep all processes under active review.</li> <li>Strategic Oversight Group reviewing risk register quarterly.</li> <li>Continue proactive working with key infrastructure providers, such as LEPs and TfL.</li> </ul>	Chief Executive	<b>High</b>

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**Cross cutting risks** – high level risks that can be mitigated more effectively through cross working.

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)
L5	ASC1,2,12,16,17 C&C4 CSF1,2,7 EAI1,3	<b>Medium Term Financial Plan (MTFP) 2017-20</b> Failure to achieve the MTFP, which could be a result of: <ul style="list-style-type: none"> <li>Not achieving savings</li> </ul>	<b>High</b>	<ul style="list-style-type: none"> <li>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).</li> </ul>	<ul style="list-style-type: none"> <li>Prompt management action taken by Directors / Leadership Teams to identify correcting actions for any in year overspends or failure to deliver service reductions</li> </ul>	Director of Finance	<b>High</b>

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## Leadership risk register as at 31 May 2017 (covers rolling 12 months)

Owner: David McNulty

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)
	FN2 ORB01, 10	<ul style="list-style-type: none"> <li>Additional service demand and/or</li> <li>Over optimistic funding levels.</li> </ul> <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>		<ul style="list-style-type: none"> <li>Weekly review of the in year financial position at Chief Executives Direct Reports meeting and strong focus on development of plans for delivery of the 2017/18 service efficiencies and reductions – to enable early management action as relevant.</li> <li>Budget planning discussions held with Cabinet and Scrutiny Boards.</li> <li>Early conversations are undertaken with all relevant stakeholders to ensure consultations about service changes are effective and completed in a timely manner (savings tracker developed for use during 2017/18 to identify necessary consultations, milestones, Equality Impact Assessments).</li> <li>Cross service networking and timely escalation of issues to ensure lawfulness and good governance.</li> <li>Increased challenge and rigour on cost control.</li> <li>Chief Executive's Direct Reports meeting agreement to focus capacity on three key priorities – information management in CSF, health and social care integration and assets.</li> <li>New Members induction programme in place (May to July) to introduce them to the council and thereby facilitate informed decision making.</li> </ul>	<p>(evidenced by robust action plans).</p> <ul style="list-style-type: none"> <li>Members (Council, Cabinet, Scrutiny Boards) make the necessary decisions to implement action plans in a timely manner.</li> <li>Members have all the relevant information to make necessary decisions.</li> </ul>		
L6	ASC2, 16 CSF1,2, 5,6,8 ORB01, 02,07, EMT3,	<p><b>New ways of working</b></p> <p>Failure to work effectively as part of a multi-agency system leads to severe service disruption and reputational damage.</p>	<b>High</b>	<ul style="list-style-type: none"> <li>Shared and aligned strategies to ensure no unintended consequences.</li> <li>Robust governance arrangements (eg. Inter Authority Agreements, Health and Social Care Integration Board, Health and Wellbeing Board, financial governance framework) in place with early warning mechanisms.</li> </ul>	<ul style="list-style-type: none"> <li>Leadership and managers recognise the importance of building and sustaining good working relationships with key stakeholders and having early discussions if these falter.</li> <li>Work with Clinical</li> </ul>	Chief Executive	<b>Medium</b>

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## Leadership risk register as at 31 May 2017 (covers rolling 12 months)

Owner: David McNulty

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)
	12, EA13			<ul style="list-style-type: none"> <li>Regular monitoring of progress and risks against transformation programmes within each transformation board.</li> <li>Effective transition arrangements with continuous stakeholder engagement.</li> <li>Continuous focus on building and maintaining strong relationships with partners through regular formal and informal dialogue.</li> <li>Close liaison and communication with customers.</li> </ul>	Commissioning Groups on models of integrated care. <ul style="list-style-type: none"> <li>Members continue to endorse approaches to integration across the council.</li> </ul>		
L7	ASC4, 5,8 CSF5 EAI2, 3,4 ORB 02,03, 08 LD6 EMT1, 10,11	<b>Organisational resilience</b> Failure to plan for and/or respond effectively to a significant event and or strains on workforce capacity or resilience, results in severe and prolonged service disruption and loss of trust in the organisation.	<b>High</b>	<ul style="list-style-type: none"> <li>Developing an employment framework that supports flexibility in service delivery and organisational resilience.</li> <li>Robust governance framework (including codes of conduct, IT cyber resilience and information assurance policies, health and safety policies, complaints tracking).</li> <li>Information Governance Board monitors information governance requirements and changes and reviews information governance risks.</li> <li>Review of third party information governance risks.</li> <li>External risks are regularly assessed through the Local Resilience Forum and reviewed by the Statutory Responsibilities Network.</li> <li>Active learning by senior leaders from external experiences / incidents informs continual improvement within the council.</li> <li>Close working between key services and the Emergency Management Team to proactively update and communicate business continuity plans and share learning.</li> <li>High Performance Development Programme</li> </ul>	<ul style="list-style-type: none"> <li>Regular monitoring of effectiveness of processes is in place and improvements continually made and communicated as a result of learning.</li> <li>Robust change management processes.</li> </ul>	Chief Executive	<b>Medium</b>

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## Leadership risk register as at 31 May 2017 (covers rolling 12 months)

Owner: David McNulty

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>in place to increase skills, resilience and effectiveness of leaders.</p> <ul style="list-style-type: none"> <li>• Career conversations built into appraisal process looking forward five years</li> <li>• Shaping leaders programme.</li> <li>• Ensure a clear Induction Programme is developed and delivered in a timely manner for new Members following local elections in May 2017 (to recognise that new members will have to learn quickly about the challenges facing the county and be in a position to make key decisions).</li> </ul>			
L8		<p><b>Senior Leadership Succession Planning</b> 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>	<b>Medium</b>	<ul style="list-style-type: none"> <li>• Enhance distributed leadership by focus on organisational goals and scorecard for organisational performance.</li> <li>• Workforce planning linked to business continuity plans.</li> <li>• Senior leadership appraisal process incorporates feedback (shaping leaders) and succession planning into appraisal process.</li> </ul>	- Transparent and effective succession plans.	Chief Executive	<b>Medium</b>

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## Movement of risks

Ref	Risk	Date added	Inherent risk level when added	Movement in residual risk level		Current residual risk level
L1	Financial outlook	Aug 12	High	Jan 16	↑	High
L2	Safeguarding – Children's Services	May 10	High	Jan 15	↑	High
L3	Safeguarding – Adult Social Care	May 10	High	Jan 15	↑	High
L4	Devolution	Jan 16	High	Nov 16	↑	High
L5	Medium Term Financial Plan	Aug 12	High	-	-	High
L6	New ways of working	Jan 16	High	-	-	Medium
L7	Organisational resilience	May 10	High	Aug 12	↓	Medium
L8	Senior Leadership Succession Planning	Mar 15	High	Nov 16	↑	Medium

## Risks removed from the register in the last 12 months

Risk	Date added	Date removed
<i>National policy development</i>	<i>Feb 13</i>	<i>Jan 16</i>
<i>Waste</i>	<i>May 10</i>	<i>Jan 16</i>
<i>Comprehensive Spending Review 2015</i>	<i>Sept 14</i>	<i>Jan 16</i>
<i>Reputation</i>	<i>Oct 14</i>	<i>Jan 16</i>
<i>Staff resilience</i>	<i>May 10</i>	<i>Jan 16</i>
<i>Information governance</i>	<i>Dec 10</i>	<i>Jan 16</i>
<i>Supply chain / contractor resilience</i>	<i>Jan 14</i>	<i>Jan 16</i>

### Leadership level risk assessment criteria

Due to their significance, the risks on the Leadership risk register are assessed on their inherent risk level (no controls) and their residual risk level (after existing controls have been taken into account) by high, medium or low.

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



**Audit and Governance Committee  
13 June 2017**

**Governance Strategy and Code of Corporate Governance**

**Purpose of the report:**

This report provides the committee with an update on the changes made to the council's Governance Strategy and Code of Corporate Governance.

**Recommendations**

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

**Governance Strategy**

- 1 The council's Governance Strategy, attached at Annex A, clearly sets out the meaning of governance and the benefits of good governance in alignment with the Corporate Strategy. The strategy is underpinned by the Code of Corporate Governance.
- 2 The Governance Strategy for the period 2017-21 has been reviewed by the Governance Panel<sup>1</sup> and Statutory Responsibilities Network. The key change relates to the 'In 2017/18 we will' section, which has been updated to reflect the areas detailed in the 'Focus for 2017/18' section of the 2016/17 Annual Governance Statement.

**Code of Corporate Governance**

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

<sup>1</sup> Consisting Director of Legal, Democratic and Cultural Services (Chair), senior representatives from Finance, HR and Strategy & Performance, Chief Internal Auditor, Risk and Governance Manager

- 5 An annual review of the Code of Corporate Governance has been undertaken to ensure that it is fit for purpose and reflects the authority's approach and commitment to good governance. Minor updates have been made to reflect organisational changes. The Governance Panel approved the updated Code of Corporate Governance at its meeting on 11 May 2017 and it is attached at Annex B.

### Implications

#### Financial

- 6 There are no direct financial implications of this report.

#### Equalities

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

#### Risk management

- 8 An effective governance and internal control environment leads to improved performance and outcomes for residents.

### What happens next

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

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**REPORT AUTHORS:** Cath Edwards, Risk and Governance Manager

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

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

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## PURPOSE

To operate effectively, efficiently and ethically to ensure Surrey residents remain healthy, safe and confident about their future.

## VISION

To be an exemplar of the Standards of Public Life:  
 Selflessness    Openness  
 Integrity        Honesty  
 Objectivity      Leadership  
 Accountability

## VALUES



**Listen**



**Responsibility**



**Trust**



**Respect**

## Context

Good governance is about doing things in the right way and acting in the public interest at all times. Increasing partnership and collaborative working creates more complexity and challenge.

This Governance Strategy demonstrates our commitment to good governance and promotes the values and principles that guide the behaviour of all our officers and members. It is supplemented by the Code of Corporate Governance that sets out the way we meet that commitment.

Good governance practice and any areas for improvement are identified annually through our published Annual Governance Statement.



### DECISION MAKING:

Good governance encourages better informed and longer-term decision making as well as the efficient use of resources.



### ACCOUNTABILITY AND TRANSPARENCY:

Good governance strengthens accountability for the stewardship of resources.

### OUTCOMES:

Good governance improves management and oversight, resulting in more effective interventions and a better resident experience.

## In 2017/18 we will:

- Continue to focus on the sustainability of our resources and the delivery of the necessary savings identified.
- Maintain our focus on improving Services for Children (including Early Help and Special Educational Needs and Disability) and Health and Social Care integration.
- Ensure our residents have an effective mechanism for contributing to shaping services in Surrey.
- Provide a comprehensive training programme for new and returning councillors.
- Continue to develop a strong organisational culture with a focus on capacity and capability.

## Our core governance principles

1. We will focus on our purpose to optimise the achievement of intended outcomes for Surrey and its local communities
2. Members and officers will behave with integrity and demonstrate a strong commitment to ethical values
3. We will ensure openness and effectively engage with our stakeholders
4. We will develop the capacity and capability of members and officers to continue to be effective
5. We will manage risks and performance through robust internal control and strong public financial management
6. We will implement good practice in transparency and reporting to deliver effective accountability.

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# Code of Corporate Governance

May 2017



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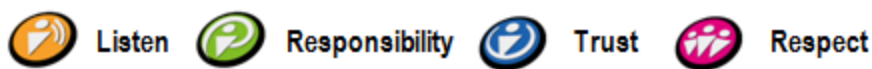
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# COMMITMENT TO GOOD GOVERNANCE

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

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



Corporate governance is the way in which the council directs and controls its arrangements to ensure that the intended outcomes for stakeholders are defined and achieved. A robust governance code provides assurance that Surrey is meeting best practice in protecting its assets and serving the community.

The council annually reviews the effectiveness of its governance arrangements and produces an Annual Governance Statement (AGS), which summarises the governance framework and environment in place during the year. The AGS is signed by the Chief Executive and the Leader of the Council and is included within the Statement of Accounts, as required by statute. A summary of the AGS is also included within our Annual Report.

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



***Our Corporate Strategy: Ensuring Surrey residents remain healthy, safe and confident about their future***

# GOOD GOVERNANCE PRINCIPLES

10

## Principles of Public Life

The council is committed to ensuring that good governance is in place and that we are serving the local community in accordance with the seven principles of public life as defined by the Nolan Committee<sup>1</sup>. These principles apply to everyone working in the public services and should be incorporated into all codes of conduct and behaviour to ensure residents and service users receive a high quality service.

The principles are as follows:

### **Selflessness**

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

### **Integrity**

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

### **Objectivity**

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

### **Accountability**

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

### **Openness**

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

### **Honesty**

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

### **Leadership**

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

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<sup>1</sup> The Nolan Committee was established in 1994 by the Prime Minister in response to concerns that conduct by some politicians was unethical.

## Core Governance Principles

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

<p>We will focus on our purpose to optimise the achievement of intended outcomes for Surrey and its local communities.</p> <p>We will meet this by:</p> <ul style="list-style-type: none"> <li>• Making the best use of our resources available to ensure best value is achieved; and</li> <li>• Promoting decision making that is rigorous and transparent.</li> </ul>
<p>Members and officers will behave with integrity and demonstrate a strong commitment to ethical values.</p> <p>We will meet this by:</p> <ul style="list-style-type: none"> <li>• Demonstrating and communicating our values; and</li> <li>• Understanding, monitoring and maintaining our ethical standards.</li> </ul>
<p>We will ensure openness and effectively engage with our stakeholders.</p> <p>We will meet this by:</p> <ul style="list-style-type: none"> <li>• Demonstrating, documenting and communicating our commitment to openness; and</li> <li>• Engaging with residents, partners, businesses and other stakeholders in the development of services.</li> </ul>
<p>We will develop the capacity and capability of members and officers to continue to be effective.</p> <p>We will meet this by:</p> <ul style="list-style-type: none"> <li>• Clarifying roles and responsibilities; and</li> <li>• Ensuring members and officers have the appropriate skills, knowledge, resources and support to perform well in their roles.</li> </ul>
<p>We will manage risks and performance through robust internal control and strong public financial management.</p> <p>We will meet this by:</p> <ul style="list-style-type: none"> <li>• Ensuring integrated and effective risk management arrangements are in place; and</li> <li>• Monitoring service delivery.</li> </ul>
<p>We will implement good practice in transparency and reporting to deliver effective accountability.</p> <p>We will meet this by:</p> <ul style="list-style-type: none"> <li>• Reporting to stakeholders in an understandable way; and</li> <li>• Having good quality information that is easy to access.</li> </ul>

## SUPPORTING GOVERNANCE DOCUMENTS

There is a robust framework of council policies and processes that are of key importance in maintaining good governance, support the achievement of the Corporate Strategy and Governance Strategy and underpin compliance with the core governance principles. The documents are shown at Annex A.

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

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

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

## GOVERNANCE REVIEW

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

### **PART 1 – CUSTODIAN ASSURANCE**

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

### **PART 2 – GOVERNANCE COMPLIANCE AND REPORT ON INTERNAL CONTROL**

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

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

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

The Chief Internal Auditor uses information gathered from internal audit reviews carried out as part of the annual audit plan, to report on the adequacy of the overall internal control

environment. This report is presented to the Governance Panel and any significant areas will be included in the AGS

### **PART 3 – ASSESSMENT OF THE CORE GOVERNANCE PRINCIPLES**

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

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

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

### **PART 4 – ADDITIONAL GOVERNANCE INFORMATION**

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

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

### **PART 5 - AGS**

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

### **PART 6 - MONITORING**

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

# ROLES AND RESPONSIBILITIES

10

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

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

## REVIEWING AND REVISING THE CODE

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

Cath Edwards, Risk and Governance Manager, Business Services

# GLOSSARY

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





# GOVERNANCE DOCUMENT CUSTODIANS

## Annex B

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

# GOVERNANCE DOCUMENT APPROVAL

## Annex C

### Member approval

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

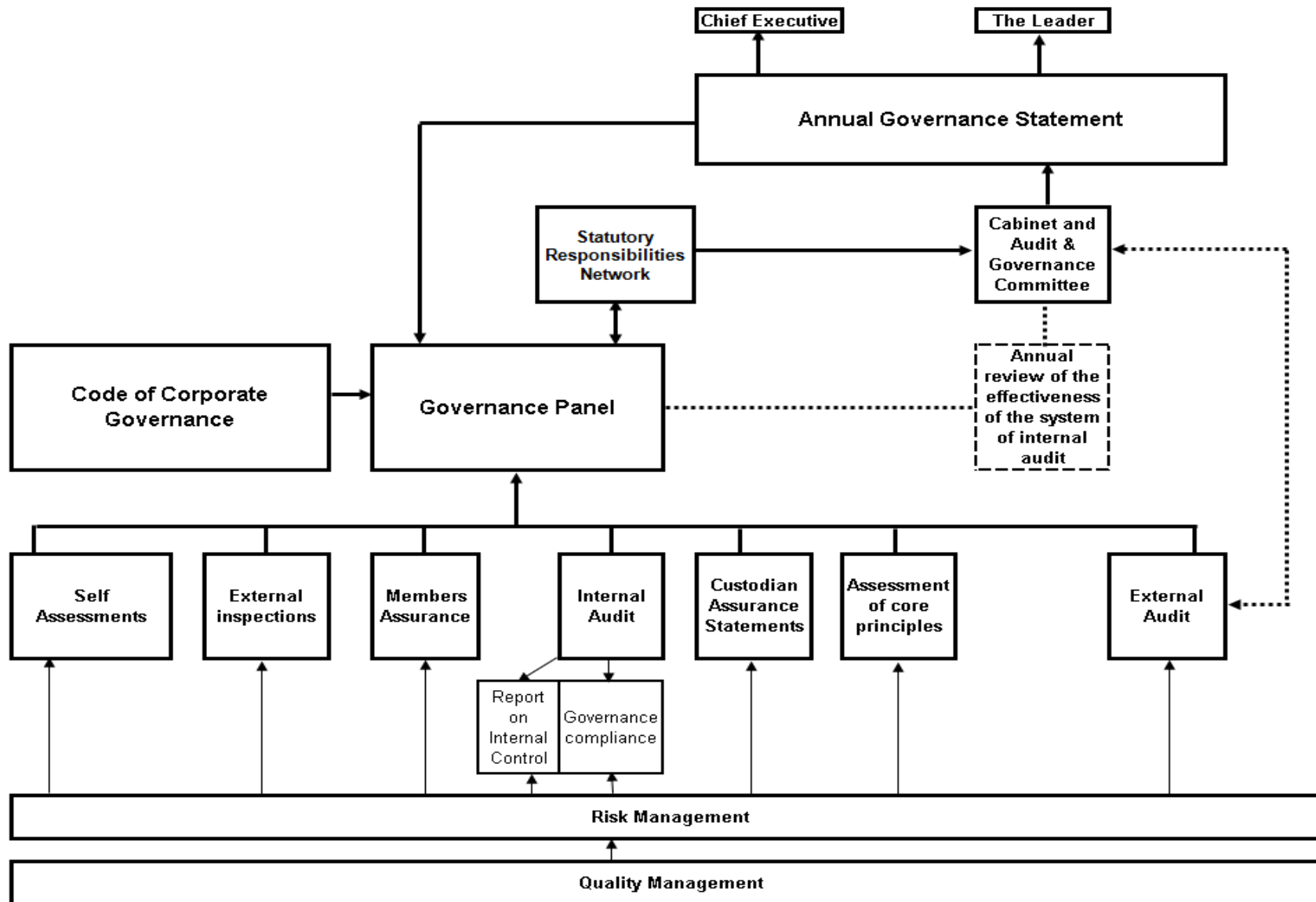
<b>People, Performance and Development Committee</b>	<b>Audit and Governance Committee</b>
Behaviours framework	Risk management strategy
Capability	Strategy against fraud and corruption
Change Management	
Code of Conduct – Staff	
Disciplinary	
Ending harassment, bullying and discrimination	
Grievance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

### Officer approval

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

# GOVERNANCE REVIEW PROCESS

Annex D



## Scope

The Governance Panel (the panel) ensures that the Council has a robust method of scrutiny and appraisal of Governance. The panel advises Statutory Responsibilities Network<sup>2</sup>, Audit & Governance Committee (A&GC) and Cabinet on the adequacy of the arrangements and proposes areas for improvement through the Annual Governance Statement (AGS).

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

## The Role of the Governance Panel

The Governance Panel collectively, is responsible for:

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

## Membership

The following officers form the Governance Panel:

Chair	-	Director of Legal, Democratic and Cultural Services (Monitoring Officer)
Standing members	-	Senior representatives from Finance, HR & OD and Strategy & Performance
	-	Chief Internal Auditor
	-	Risk & Governance Manager
Advisors	-	Governance custodians
	-	Representatives from Internal Audit

<sup>2</sup> Consisting Chief Executive (Chair), statutory officers for: Social Care and Public Health, Education, Fire, Director of Finance, Director of Legal, Democratic and Cultural Services, Chief Internal Auditor, Head of HR.

## Individual Roles and responsibilities

### Chair

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

### Panel members

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

### Risk and Governance Manager

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

### Chief Internal Auditor

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

### Governance Custodians

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

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Audit & Governance Committee  
13 June 2017

**2016/17 Draft Annual Governance Statement**

**Purpose of the report:**

This report presents the draft Annual Governance Statement, which summarises the council's governance arrangements for the financial year ending 31 March 2017.

**Recommendations**

It is recommended that the committee:

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

**Introduction**

- 1 The council is required to annually review the effectiveness of its governance arrangements and produce an Annual Governance Statement. Surrey County Council's Governance Strategy and Code of Corporate Governance details the six good governance principles adopted by the council and by which the governance arrangements are assessed. The Code of Corporate Governance also details the methodology by which the annual review of governance is undertaken.
- 2 The review of governance is overseen by the Governance Panel (Director of Legal, Democratic and Cultural Services [chair], senior representatives from Finance, HR and Strategy & Performance, Chief Internal Auditor and Risk & Governance Manager), which has the responsibility for the development and maintenance of the governance environment and production of the Annual Governance Statement.
- 3 The 2016/17 annual governance review has provided a satisfactory level of assurance on the council's governance arrangements.

## Annual Governance Statement 2016/17

- 4 The 2016/17 draft Annual Governance Statement developed by the Governance Panel is attached at Annex A. There are two main sections:

Section	Pages	Detail
The governance environment	3 to 8	Summarises the council's key policies, procedures and arrangements that evidence good governance.  Includes the overall opinion of the Chief Internal Auditor on the internal control environment.
Focus for 2017/18	9	Outlines areas that the council will focus on during the year ahead to ensure continued good governance.

### Consultation

- 5 The Statutory Responsibilities Network, Chief Executive, Leader of the Council and Deputy Leader have been consulted and their comments are incorporated.

## Monitoring and review

- 6 The Governance Panel will continually review the governance arrangements throughout the year and governance update reports will be presented to the Audit and Governance Committee throughout the year as appropriate.

## Implications

### Financial

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

### Equalities

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

### Risk management

- 9 Strong governance arrangements support the council in the effective delivery of services and achievement of objectives.

## What happens next

The draft Annual Governance Statement will be presented to Cabinet for approval on 27 June 2017, signed by the Chief Executive and the Leader of the Council and then incorporated into the council's Statement of Accounts for 2016/17.

**REPORT AUTHOR:** Ann Charlton, Chair of Governance Panel

**CONTACT DETAILS:** Tel: 020 8541 9001 or [ann.charlton@surreycc.gov.uk](mailto:ann.charlton@surreycc.gov.uk)



Sources/background papers: Governance panel minutes. Annual review of governance working papers. Code of Corporate Governance. CIPFA/SOLACE framework *Delivering Good Governance in Local Government*. 2015/16 AGS. Audit and Governance Committee papers.

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# **Annual Governance Statement 2016/17**



# OVERVIEW

**The 2016/17 review has provided a satisfactory level of assurance on the governance arrangements for the year**



*Our Corporate Strategy: Ensuring Surrey residents remain healthy, safe and confident about their future*



Listen



Responsibility



Trust



Respect

Surrey County Council (the council) has a responsibility for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. We are committed to fulfilling our responsibilities in accordance with the highest standards of good governance to support our Corporate Strategy. The council's Governance Strategy sets out our approach to good governance and is supplemented by our Code of Corporate Governance.

The annual review of governance is overseen by the Governance Panel (the panel) which comprises the Director of Legal, Democratic and Cultural Services [chair], senior representatives from Finance, HR and Organisational Development and Strategy and Performance, the Chief Internal Auditor and the Risk and Governance Manager. The panel meets four times a year and reports to the Statutory Responsibilities Network and the Audit and Governance Committee. The 2016/17 annual review of governance has provided a satisfactory level of assurance on the governance arrangements for the year.

We are pleased to present the Surrey County Council Annual Governance Statement for 2016/17, which outlines the council's governance arrangements and achievements during the year and highlights areas to continue to strengthen governance in 2017/18.

# THE GOVERNANCE ENVIRONMENT

## Purpose and outcome

Surrey County Council's Corporate Strategy provides clear direction for staff as well as a signpost for residents, businesses and partner organisations and incorporates the council's four values of Listen, Responsibility, Trust and Respect at its heart. It is underpinned by a suite of supporting documents such as the Medium Term Financial Plan and the Investment Strategy. Performance is measured through a variety of key indicators relating to wellbeing, economic prosperity and resident experience and progress is published on the external website. The Chief Executive also reports progress to full County Council twice a year.

To provide the basis for longer term sustainability, the council established a transformation programme in February 2016. A Public Value Transformation (PVT) Board comprising the Leader of the Council (Chair), the Chief Executive and the Director of Finance provided strategic oversight and challenge to ensure the transformation programme is driven by public value and contributes significantly to the council's financial sustainability. In September 2016 the PVT Board reported to Cabinet that the transformation programme had increased the level of confidence in delivery of the current year budget savings but also confirmed that the programme would not produce the level of additional savings required to ensure a sustainable budget for 2017/18 onwards.

As a result of this and the increased budgetary pressures the council faces, the Cabinet agreed in January 2017 to set up a task and finish Sustainability Review Board to include three cross party Members, the Strategic Director for Adult Social Care and Public Health, the Deputy Chief Executive and the Director of Finance. The Board focused on identifying permanent service reductions to help inform the council's longer term financial strategy and reported back to Cabinet its recommendations on 28 March 2017.

In addition, the council has continued throughout 2016/17 to try to influence strategy and raise awareness nationally of the demands on services and the challenges posed by this and the current Government funding methodology.

Boards are in place to provide oversight on the council's continuing commercial activity. A Shareholder Board monitors the activity and performance of the trading companies created and owned by the council. An Investment Advisory Board provides strategic oversight of the Investment Strategy and evaluates investment opportunities prior to presentation to Cabinet. Both these Boards are member led and are supported by relevant internal and external professional advisors.

The Statutory Responsibilities Network, chaired by the Chief Executive, continues to meet on a fortnightly basis and provides a forum for statutory officers to discuss key issues, share knowledge and offer challenge. The network provides governance oversight and ensures statutory responsibilities are managed effectively by reviewing the key risks and issues of the organisation and focussing on progress of key strategies and implementation plans.

The council's external auditors' 2015/16 report on value for money published in July 2016 concluded that 'in all significant respects, the Authority put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources,' with the exception of the arrangements in place within the council's Children's Services directorate. A Children's Improvement Plan, including a member led Children's Services Improvement Board, is being delivered to address the January 2016 improvement notice issued by the Department for Education following the Ofsted inspection report published in June 2015.

# THE GOVERNANCE ENVIRONMENT

11

As part of this work, Childrens' Services have adopted a 'Safer Surrey' approach that focuses on building relationships with families and puts practitioners in the role of supporting and helping rather than as directors of change. Following a monitoring visit at the end of August 2016, Ofsted confirmed that the pace of improvement has picked up as a direct result of teams embedding the Safer Surrey approach, but there is still more to do to ensure consistency in all our practice.

In October 2016, an inspection was carried out by OFSTED and the Care Quality Commission to judge the effectiveness of the Surrey area in implementing the disability and special educational needs (SEND) reforms as set out in the Children and Families Act 2014. As a result, the local authority and the area's Clinical Commissioning Groups (CCGs) were required to submit a Written Statement of Action (the Statement) because of significant areas of weakness in the local area's practice. The Statement sets out a clear vision for how the local area will address the five key weaknesses raised in the inspection and sustain improvement for children and families at scale and pace. It was developed with the contribution of partners in schools and family representatives.

Progress will be monitored monthly by the council's and CCGs leadership teams and reported to the SEND Partnership Board, SEND Scrutiny Task Group and lead Cabinet Members. The Children's Services Improvement Board will provide formal oversight of delivery of the actions in this Statement and will review progress quarterly.

In March 2017, the council underwent a Corporate Peer Challenge, run by the Local Government Association. A team of peers were assigned to use their expertise and knowledge of local government to provide feedback as critical friends. The challenges and recommendations for consideration are tailored specifically for the council and are designed to complement and add value to the council's own performance and improvement focus. A follow up visit is scheduled for March 2018.

## Leadership and behaviour

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

The council's financial management arrangements fully comply with the Chartered Institute of Public Finance and Accountancy's Statement on the Role of the Chief Financial Officer (CIPFA, 2010). The Director of Finance meets her financial responsibilities and ensures fully effective financial management arrangements are in place. She reports directly to the Chief Executive and is a member of Chief Executive's Direct Reports, the Statutory Responsibilities

Network and sat on the Sustainability Review Board. She has regular meetings with and has direct access to the Leader and key Members, Chief Executive, Monitoring Officer, Chief Internal Auditor, External Auditor and other key Members and strategic directors. The Director of Finance and the Chief Executive have regular support meetings with the strategic directors.

In September 2016, the Leader's report to Cabinet highlighted a projected overspend for the current financial year and required a recovery action plan to be put in place to address this. Measures taken over the remaining months of the financial year by the council's leadership, monitored monthly by Cabinet, succeeded in bringing the budget back into balance. Actions included one-off measures, delays in spend, as well as genuine on-going efficiencies, such as achieving future years' savings early. In

# THE GOVERNANCE ENVIRONMENT

In addition, Cabinet's strategic budget planning workshops, led by the Director of Finance are held with the Leadership Team on a regular basis. Finance briefings for all members have been held throughout the year to support the preparation of the budget for future years. Additional meetings have also been held, as deemed necessary, in light of the financial challenges emerging from the Local Government financial settlement and the increased pressure and demand for our services.

The roles, responsibilities and delegated functions for officers and members are set out in the Constitution of the Council. The Scheme of Delegation for members and officers is regularly reviewed and updated in consultation with services and the Cabinet, before being approved by full County Council. The Cabinet Comprises the Leader, Deputy Leader and eight additional Cabinet Members, with each Member holding the brief for a particular portfolio of services. Four Associate Cabinet Members support Cabinet portfolio holders in the most complex areas but do not have voting rights. Decisions can be taken by individual members of the Cabinet or collectively by the full Cabinet (excluding Associates).

The Staff and Member Codes of Conduct set out the expected high standards of conduct and include the 7 Standards of Public Life. The Codes of Conduct are supplemented by the Member/Officer Protocol, which provides principles and guidance for good working relations, and the Strategy Against Fraud and Corruption. The Monitoring Officer and the Member Conduct Panel, in consultation with the Independent Person, deal with allegations of breaches of the Member Code of Conduct.

The Members Code of Conduct also includes provisions for the registration and disclosure of pecuniary and other interests. In July 2016 Council agreed to widen the registration requirement of its members to include a new category of significant personal interests and to include a new requirement to declare prejudicial interests in addition to disclosable pecuniary interests and significant personal interest at meetings of the council and its committees. The register of pecuniary interests for all members can be viewed online.

## Transparency and stewardship

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

The gifts and hospitality register is held on the internal website and provides a means for staff to register anything offered or accepted. As a result of an internal audit report in this area, a review of the policy, arrangements for recording and monitoring of gifts and hospitality was undertaken during the year. Gifts and hospitality now has its own policy, all declarations are electronic and these are reviewed regularly.

The Investment Panel, chaired by the Director of Finance, continues to ensure all proposed service capital investments have robust business cases before formal decision by Cabinet or Cabinet Member as appropriate.

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

# THE GOVERNANCE ENVIRONMENT

11

The Director of Finance also chairs the Information and Risk Governance Board and holds the role of Senior Information Risk Officer. The Board provides strategic oversight and ensures that the council has effective information and risk governance policies and management arrangements including breaches of confidentiality and information security.

The council has six member scrutiny boards which provide challenge to the Cabinet. The Council Overview Board, comprising the Board chairmen, takes a council-wide view and leads on collaborative scrutiny issues. Every County Council, Cabinet and Planning and Regulatory Committee meeting is webcast to enable people to watch meetings online.

The Audit and Governance Committee comprises six councillors who have been specifically chosen to enable robust challenge and assurance from a position of knowledge and experience. The committee provides independent assurance on the council's control environment, the adequacy of the risk and governance arrangements, financial reporting and ethical standards.

The Surrey Pension Fund Committee takes decisions on behalf of the council as the administering body for the Local Government Pension Scheme and meets four times a year. The Surrey Local Pension Board assists the Surrey Pension Fund Committee in the exercise of its functions but has no decision making powers. A Local Fire Pension Board also assists the Surrey Fire and Rescue Authority in the administration of its Firefighters' Pension Scheme. In March 2017, the council agreed to participate in a national pool of 12 Local Government Pension Schemes to be known as the Border to Coast Pensions Partnership.

The annual review of the effectiveness of the system of internal audit concluded that appropriate controls were in place during 2016/17 to ensure an effective internal audit service was provided. As part of the effectiveness review, a self assessment against the UK Public Sector Internal Auditing Standards was completed by the Chief Internal Auditor. The conclusions of the assessment are that Internal Audit substantially complies with the requirements and there are no significant areas of non conformance.

The overall opinion of the Chief Internal Auditor on the internal control environment for 2016/17 is "some improvement needed." A few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate and effective to provide reasonable assurance that risks are being managed and objectives met. Controls over the council's key financial systems continue to be sound.

At the end of February 2017, the Chief Internal Auditor left the Council. Interim arrangements are in place to cover the responsibilities of this role and a new Chief Internal Auditor for Surrey County Council will be appointed by June 2017 as part of the Orbis Finance leadership team integration.





# THE GOVERNANCE ENVIRONMENT

11

## People

As part of the recent review of pay and reward, a new behaviours framework was developed. This was designed with colleagues and Members to ensure it is representative of the kind of organisation we need to be to achieve the right outcomes for residents. These behaviours are aimed at strengthening our appraisals and performance management, help shape how we learn and develop and how we attract and recruit the right people.

In February 2017 the Officer Code of Conduct was amended to make more explicit mention of the ethical behaviours expected of staff as well as strengthening references to the council's value statement.

Approximately 700 colleagues have attended the high performance development programme since it was launched in 2014. Managers are now better equipped to challenge unacceptable behaviour, address conflict and poor performance, seek feedback on performance, be open to constructive challenge and be aware of their impact on others.

During October and November 2016 staff participated in a staff survey, the second of three annual surveys commissioned from an external organisation, which has provided evidence of how colleagues feel about working for our organisation. Positive messages have come out of the survey but also some areas that we need to work on over the next few months.

During the year, an external organisation was commissioned to carry out a review of the security at County Hall. The result is a targeted management action plan to address the concerns raised specifically at County Hall, although some security actions result in improvements across all Council properties.



# THE GOVERNANCE ENVIRONMENT

## Engagement and collaboration

The council continues to build on the strong relationships with key partners such as Surrey's Districts and Boroughs and other public bodies. Our public service transformation projects are progressing, including health and social care integration and the Transforming Justice Programme.

We continue to work with East Sussex County Council, West Sussex County Council, 23 districts and boroughs and many other partners to secure greater devolution of powers and functions from central government and are working with a range of partners to develop a Strategic Transport Authority for the South East.

Surrey County Council and East Sussex County Council's business and support services partnership, known as Orbis, continues to develop. In October 2016, Brighton & Hove City Council approved a recommendation to join the Orbis partnership. In addition, Orbis Public Law, a legal services partnership between Surrey County Council, East Sussex County Council, West Sussex County Council and Brighton & Hove City Council, launched in April 2016 and will provide a sustainable and cost effective legal service. The implementation is underway, starting with the commercial areas of law – property, contract and procurement.

We have continued to work closely with the health sector throughout 2016 in the development of three Sustainability and Transformation Plans across Surrey. These plans will play a pivotal role in shaping the future health and care priorities and landscape across Surrey.

Working with our partners, including social care, Surrey police and public health, our Multi Agency Safeguarding Hub, known as the MASH, went live in October 2016. The vision is to provide a single point of contact for safeguarding concerns relating to children, young people and adults in Surrey.



# FOCUS FOR 2017/18

11

**Strong governance arrangements will support the significant challenges we are facing**

In May 2017, County Council elections will be held and the new County Council will set the future political direction. The following areas of focus remain priority areas for the Council, based on existing circumstances.

The Council's Corporate Strategy 2017-22 highlights the council's strategic challenges that stem from two significant and persisting trends of population changes and the continuing reduction in real terms of the total financial resource available to deliver our functions. The trends of increasing demographic demand alongside declining funding require us to continue to focus on the sustainability of our resources. The level of savings required to produce a balanced budget in 2017/18 and beyond are significant and higher than ever before. There will be focused monitoring of the delivery of the necessary savings identified, to avoid

the depletion of levels of reserves below minimum acceptable levels.

In addition, we will continue to work to ensure Government understands the impact of current funding mechanisms on Surrey. We will be working with our Boroughs and Districts to proactively respond to any potential opportunities to be part of a pilot on changes to the business rate retention scheme.

We will continue to focus on improving Services for Children, by building on the work that is already being done by embedding the Safer Surrey approach across the whole Childrens', Schools and Families directorate, as well as with our partners. We will also continue our focus on improving our services for children and young people with special educational needs and disabilities.

Collaboration is integral to the work that is being done in Health and Social Care as we begin to implement our Sustainability and Transformation Plans. These have been worked on with our health partners and present us with a great opportunity to re-design services and provide better outcomes for residents.

As we work increasingly in partnership with others, we will increase our focus on partnership governance arrangements and ensuring appropriate measures are in place to manage complex joint procurement arrangements with suppliers.

To ensure that we effectively lead the scale of changes that we will need to make over the coming months and years with confidence and continue to provide high standards of customer care for all our residents/stakeholders, we will:

- continue to develop a strong organisational culture that supports effective leadership, with a focus on capacity and capability.
- broaden our governance arrangements relating to the engagement of residents, to ensure they have an effective mechanism for contributing to shaping services in Surrey.

Other areas of focus include:

- Delivering a comprehensive training and guidance programme to our new and returning Councillors, to equip them to scrutinise and make decisions to best represent their residents.
- Working with the Public Sector Auditor Appointments to ensure we meet our responsibilities within the new Local Audit and Accountability Act 2014 regarding appointing an external auditor.
- Forming the new pensions pooling company, building its investment structure and obtaining Financial Conduct Authority approval for its operation.

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Audit & Governance Committee  
13 June 2017

**Draft Workplan for Audit & Governance Committee 2017**

**PURPOSE OF REPORT:**

For Members to consider and be notified of the draft work programme for 2017.

**INTRODUCTION:**

A draft workplan is attached as Annex A. It contains the regular reports that the Committee will receive over the year of 2017. Whilst this workplan is for information, suggestions and comments are welcome.

**RECOMMENDATION:**

The Committee is asked to:

1. To note the draft work programme and make any comments/suggestions on it.

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**REPORT CONTACT:** Angela Guest, Regulatory Committee Manager  
020 8541 9075  
angela.guest@surreycc.gov.uk

**Sources/background papers:** None

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**AUDIT & GOVERNANCE COMMITTEE: WORK PLAN 2017**

<b>20 February 2017</b>			
EXTERNAL AUDIT – AUDIT PLAN	The Council’s external auditors are presenting their Audit Plan for the year 2016/17 in respect of Surrey County Council and for the Surrey Pension Fund.	Audit Manager/Engagement Lead (Grant Thornton)	
NATIONAL FINANCIAL RESILIENCE REPORT		Assistant Manager – Assurance (Grant Thornton)	
LEADERSHIP RISK REGISTER	The purpose of this report is to present the latest Leadership risk register and update the committee on any changes made since the last meeting.	Risk & Governance Manager	
COMPLETED INTERNAL AUDIT REPORTS	The purpose of this report is to inform Members of the Internal Audit reports that have been completed since the last meeting.	Chief Internal Auditor	
STATUTORY RESPONSIBILITIES NETWORK		Chief Executive	
ANNUAL REPORT OF THE AUDIT & GOVERNANCE COMMITTEE	For Members to consider and comment on the annual report of the Audit & Governance Committee.	Chairman, Audit & Governance Committee	
TREASURY STRATEGY		Strategic Manager Pensions & Treasury	

<b>27 March 2017</b>			
INTERNAL AUDIT PLAN	The purpose of this report is to present the Annual Internal Audit Plan for 2017/18 to the Committee.	Audit Performance Manager	Simon White
EFFECTIVENESS REVIEW OF THE SYSTEM OF INTERNAL AUDIT	This report summarises the work undertaken by the Audit and Governance Committee to evaluate the effectiveness of the system of internal audit.	Chief Internal Auditor	
LEADERSHIP RISK REGISTER	The purpose of this report is to present the latest Leadership risk register and update the committee on any changes made since the last meeting.	Risk & Governance Manager	
COMPLETED INTERNAL AUDIT REPORTS	The purpose of this report is to inform Members of the Internal Audit reports that have been completed since the last meeting.	Audit Performance Manager	Simon White
<b>12 June 2017</b>			
COMPLETED INTERNAL AUDIT REPORTS	The purpose of this report is to inform Members of the Internal Audit reports that have been completed since the last meeting.	Chief Internal Auditor	
ANNUAL INTERNAL AUDIT REPORT	This report summarises the work of Internal Audit for the period 1 April 2016 to 31 March 2017, identifying the main themes arising from the audit reviews and the implications for the County Council.	Chief Internal Auditor	
ANNUAL RISK MANAGEMENT REPORT	This report enables the committee to meet its responsibilities for monitoring the development and operation of the council's risk management arrangements. To include Leadership Risk Register.	Risk & Governance Manager	
CODE OF CORPORATE GOVERNANCE	The purpose of this report is to provide the Committee with an update on the changes made to the Code of Corporate Governance.	Risk & Governance Manager	



ANNUAL GOVERNANCE STATEMENT	This report presents the Annual Governance Statement, which provides an assessment of the council's governance arrangements for the financial year ending 31 March 2017.	Risk & Governance Manager	David Hodge/David McNulty to present
FULL YEAR SUMMARY OF INTERNAL AUDIT IRREGULARITY AND SPECIAL INVESTIGATIONS	The purpose of this report is to inform members of the Audit and Governance Committee about irregularity investigations undertaken by Internal Audit in the period from 1 April 2016 to 31 March 2017.	Reem Burton	
<b>27 July 2017</b>			
2016/17 SURREY COUNTY COUNCIL ACCOUNTS AND EXTERNAL AUDIT'S AUDIT FINDINGS REPORT	The purpose of this report is to receive the Council's Statement of Accounts, as well as to inform the Committee of the result of the external audit of the council's 2016/17 Statement of Accounts, to receive the external auditor's Audit Findings Report and to approve the council's letter of representation from the Chief Finance Officer and Deputy Director for Business Services.	Finance Manager – Assets, Investment and Accounting Audit Manager/Engagement Lead (Grant Thornton)	
SURREY PENSION FUND LOCAL GOVERNMENT PENSION SCHEME ACCOUNTS 2016/17 AND EXTERNAL AUDIT'S AUDIT FINDINGS REPORT	Grant Thornton as the Council's external auditors has completed their audit and the Pension Fund financial statements are being presented to this Committee to be approved prior to publication.	Strategic Manager (Pensions & Treasury) Audit Manager/Engagement Lead (Grant Thornton)	
ANNUAL REPORT OF SURREY COUNTY COUNCIL	To consider the Annual Report for the authority and endorse it for publication.	Senior Principal Accountant – Management Accounting	Invite CEX and Leader to introduce.
TREASURY	This report summarises the council's treasury	Strategic Manager	

MANAGEMENT ANNUAL REPORT	management activity during 2016/17. The report will include the latest risk register for Treasury Management.	(Pensions & Treasury)	
<b>25 September 2017</b>			
EXTERNAL AUDIT: ANNUAL AUDIT LETTER	The Council's external auditors present their Annual Audit Letter for 2016/17.	Audit Manager/Engagement Lead (Grant Thornton)	
EXTERNAL AUDIT PERFORMANCE	To report back on performance against KPIs agreed in December 2016.	Audit Manager/Engagement Lead (Grant Thornton)	
LEADERSHIP RISK REGISTER	The purpose of this report is to present the latest Leadership risk register and update the committee on any changes made since the last meeting.	Risk & Governance Manager	
COMPLETED INTERNAL AUDIT REPORTS	The purpose of this report is to inform Members of the Internal Audit reports that have been completed since the last meeting.	Chief Internal Auditor	
STATUTORY RESPONSIBILITIES NETWORK	The committee receives twice-yearly reports on progress of Statutory Responsibilities Network	Chief Executive	
COUNCIL COMPLAINTS	To receive a report on the operation of the Council's complaints procedures.	Mark Irons Dilip Agarwal Jessica Brooke Jo Diggins	

**4 December 2017**

<b>4 December 2017</b>			
EXTERNAL AUDIT UPDATE REPORT		Grant Thornton	
2016/17 AUDIT FINDINGS REPORT FOR ALL SCC TRADING COMPANIES – TO INCLUDE ANNUAL ACCOUNTS	Dec 2016 requested that annual accounts also be presented. To include Surrey Choices as well as Halsey Garton & S E Business Services.	Grant Thornton	
TREASURY MANAGEMENT HALF YEAR REPORT 2017/18	This report summarises the council’s treasury management activity during the first half of 2017/18.	Strategic Manager (Pensions & Treasury)	
INTERNAL AUDIT HALF-YEAR REPORT	This interim report summarises the work of Internal Audit during the first six months of 2017/18.	Chief Internal Auditor	
HALF-YEAR IRREGULARITIES REPORT	The purpose of this report is to inform Members about irregularity investigations undertaken by Internal Audit in the first half of this financial year, from 1 April to 30 September 2017.  To include information on the council’s counter-fraud strategy and reviewing the strategy against recommended practices eg Managing the Risk of Fraud: Actions to Counter Fraud and Corruption (CIPFA) 2008; and Fighting Fraud Locally: The Local Government Fraud Strategy (National Fraud Authority) 2011.	Lead Auditor	
COMPLETED INTERNAL AUDIT REPORTS	The purpose of this report is to inform Members of the Internal Audit reports that have been completed since the last meeting.	Chief Internal Auditor	
RISK	This half-year risk management report has been	Risk & Governance	

## Annex A

MANAGEMENT HALF-YEAR REPORT	produced to enable the committee to consider the risk management activity from April 2017 to date.  To include the Leadership Risk Register.	Manager	
GOVERNANCE UPDATE REPORT	The purpose of this report is to provide a half year update on the 2016/17 areas of focus outlined in the 2017/18 Annual Governance Statement.	Risk & Governance Manager	

The items below are suggested for inclusion in the Committee Bulletin in the first instance and a report requested to Committee if required:

- Whistleblowing Update
- Babcock 4s Annual report
- Gift and Hospitality annual update
- Ethical Standards Annual review
- Statutory Responsibilities Network