

Notice of Meeting

Audit & Governance Committee

**Date & time**

Monday, 20
September 2021
at 2.00 pm

Place

Surrey County Council,
Woodhatch Place, 11
Cockshot Hill, Reigate,
Surrey, RH2 8EF

Contact

Angela Guest
angela.guest@surreycc.gov.
uk

Chief Executive

Joanna Killian

We're on Twitter:
@SCCdemocracy



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This meeting will be held in public, however numbers will be limited in order to adhere to Covid-19 social distancing requirements. If you would like to attend, please contact Angela Guest on 07929 724773

Members

Stephen Cooksey, Victor Lewanski (Vice-Chairman), David Lewis (Chairman), Rebecca Paul, Joanne Sexton and Richard Tear

AGENDA

1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

2 MINUTES OF THE PREVIOUS MEETING [23 MARCH 2021]

(Pages 1
- 12)

To agree the minutes of the meeting held on 23 March 2021 and to note the record of the informal meeting held on 18 June 2021.

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 (15/09/2021).
2. The deadline for public questions is seven days before the meeting (13/09/2021).
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

5 RECOMMENDATIONS TRACKER

(Pages
13 - 16)

To review the Committee's recommendations tracker.

6 EXTERNAL AUDIT: ANNUAL AUDIT LETTER

The Council's external auditors will give a verbal update.

7 COUNCIL COMPLAINTS

(Pages
17 - 40)

To give the Audit & Governance Committee an overview of the Council's complaint handling performance in 2020/21 and to demonstrate how feedback from customers has been used to improve services.

8 INTERNAL AUDIT PROGRESS - Q1

(Pages
41 - 60)

The purpose of this progress report is to inform Members of the work completed by Internal Audit during Quarter 1.

9 RISK MANAGEMENT

(Pages
61 - 82)

To receive an update on the current corporate risks and approve the risk strategy.

10 DATE OF NEXT MEETING

The next meeting of Audit & Governance Committee will be on 29 November 2021.

Joanna Killian
Chief Executive

Published: Friday, 10 September 2021

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MINUTES of the meeting of the **AUDIT & GOVERNANCE COMMITTEE** held at 10.30 am on 23 March 2021 at Remote.

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

Elected Members:

David Harmer (Chairman)
Dr Peter Szanto
Stephen Spence
Stephen Cooksey
Victoria Young
Keith Witham (Vice-Chairman)

11/21 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Keith Witham.

12/21 MINUTES OF THE PREVIOUS MEETING [Item 2]

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

13/21 DECLARATIONS OF INTEREST [Item 3]

There were none.

14/21 QUESTIONS AND PETITIONS [Item 4]

There were none.

15/21 RECOMMENDATIONS TRACKER [Item 5]

Declarations of interest:

None

Witnesses:

Paul Evans, Director – Law and Governance

Key points raised during the discussion:

1. In regards to Action A1/21, the Director – Law and Governance explained that a private briefing with the Cabinet Member would be held as part of the new committee's June induction. It was noted that Members could use the briefing as an opportunity to discuss the committee's forward work programme and schedule appropriate training.

Action/Further information to note:

None.

RESOLVED:

That the committee noted the report.

16/21 RISK MANAGEMENT UPDATE [Item 6]**Declarations of interest:**

None

Witnesses:

Anna D'Alessandro, Director - Corporate Finance

Ross Tutor, Representative from Early Years (EY)

Mary Buxton, Representative from EY

Key points raised during the discussion:

1. Officers introduced the report and informed Members that the purpose of the report was to update on the strategic risk register and next steps to enable the committee to meet its responsibilities for monitoring the development and operation of the council's risk management arrangements. Representatives from EY went on to reference a slideshow which can be found from page 13 of the meeting's agenda. This included details on:
 - a. Steps taken to identify, agree and assess strategic risks
 - b. A summary of strategic risks
 - c. Next steps to develop and maintain the strategic risk register
2. Members noted that the top risks had been based on the Corporate Leadership Team's (CLT) scoring.
3. A Member asked whether the top identified risk had been compared with risk of other similar local authorities. Representatives from EY explained that a team of experts had analysed the list of risks and were able to incorporate knowledge of other council's main risks.
4. The Committee asked whether the risk consultants were receiving cooperation from the council's senior officers. The representatives explained that they had received all the cooperation that they needed to collate a list of top 20 risks in the council however noted that the impact of the pandemic had caused some issues.

Actions/ further information to be provided:

None.

Resolved:

The Committee noted the report.

17/21 ETHICAL STANDARDS ANNUAL REVIEW [Item 7]**Declarations of interest:**

None

Witnesses:

Paul Evans, Director – Law and Governance

Key points raised during the discussion:

1. Officers introduced the report and noted that the report covered the operation of the Members' Code of Conduct over the course of the last year. Members also noted recent activity in relation to the Members' Code of Conduct and complaints made in relation to member conduct.

2. The Committee noted that the majority of complaints received were from interactions with councillors on social media.
3. A Member of the committee felt that the word 'alleged' should be used when noting complaints which were concluded to have not breached the code of conduct.

Actions/ further information to be provided:

None.

Resolved:

The Audit and Governance Committee:

- a) Noted the Committee's work undertaken over the past year in relation to establish a working group to review possible changes to the Members' Code of Conduct in light of recommendations from:
 - a. The Committee on Standards and Ethics 'Local Government Ethical Standards' report (2019).
 - b. The Local Government Association Model Code of Conduct
 - c. Noted the Monitoring Officer's report on recent activity in relation to the Members' Code of Conduct and complaints made in relation to member conduct.

18/21 REDMOND REVIEW - LOCAL AUDIT AND LOCAL AUTHORITY FINANCIAL REPORTING [Item 8]

Declarations of interest:

None

Witnesses:

Barry Stratfull, Chief Accountant (Corporate)

Key points raised during the discussion:

1. Officers introduced the report and noted details on the recent Redmond Review into the oversight of local audit and transparency of local authority financial reporting.
2. A Member of the committee felt the review was premature until the Government confirmed its strategy on the subject.
3. The Chairman proposed an amendment to Recommendation 2 which was (addition in bold) 'The Committee considers recommending **that the new Council in May 2021** appointment a suitably qualified, independent member of the Audit and Governance Committee to support elected representatives in scrutinising local authority finances'. The Committee agreed the amendment.

4. The Committee further noted that the council was governed by CIPFA guidelines on financial reporting and that the Redmond Review was an opportunity to streamline the guidelines.

Actions/ further information to be provided:

None.

Resolved:

1. The Committee noted the findings and recommendations of the Redmond Review.
2. The Committee recommended that the new Council in May 2021 appointment a suitably qualified, independent member of the Audit and Governance Committee to support elected representatives in scrutinising local authority finances.

19/21 GRANT THORNTON: 2020/21 EXTERNAL AUDIT PLAN [Item 9]

Declarations of interest:

None

Witnesses:

Ciaran McLaughlin, Grant Thornton
Paul Evans, Director – Law and Governance

Key points raised during the discussion:

1. The representative from Grant Thornton introduced the report and provided a brief summary. Members noted details of the Audit Plan for the external audit of the 2020/21 financial statements of the Council and the Surrey Pension Fund. The Audit Plan provided an overview of the planned scope of the statutory audits of the Council's and Pension Fund accounts for 2020/21. It also outlined the risks identified by Grant Thornton, the Council's external auditors, for the audit of the Council's 2020/21 financial statements and their planned response to these risks. Further to this, the report outlined the work the auditor would undertake as part of the assessment of the Council's Value for Money arrangements.
2. Members thanked Grant Thornton for their work on the audit plan.
3. A Member of the Committee asked why there was little mentioned of the Eco Park in the report. The representative from Grant Thornton explained that consideration of the Eco park would form part of the valuation of land and buildings.

Actions/ further information to be provided:

None.

Resolved:

The Audit and Governance Committee approved the audit plan.

20/21 INTERNAL STRATEGY AND ANNUAL AUDIT PLAN 2021/22 [Item 10]

Declarations of interest:

None

Witnesses:

Russell Banks, Chief Internal Auditor

Key points raised during the discussion:

1. Officers introduced the item and noted that the purpose of the report was to present the Internal Audit Strategy and Annual Internal Audit Plan for 2021/22 to the Committee. Members noted that it underpinned the work of the Orbis Internal Audit Service in delivering the Annual Internal Audit. The Plan included key principles and objectives as set out in the Internal Audit Strategy and Charter. Members noted further specific details on the plan which can be found from page 71 of the agenda. Following the introduction, Members noted that the committee would be informed of any changes to the plan over the next year.
2. Officers informed Members that the new Committee would receive training on Internal Audit in the new council term.

Actions/ further information to be provided:

None.

Resolved:

Members considered the contents of the report and Appendices, and approved the following:

- (i) The Internal Audit Strategy
- (ii) The Internal Audit and Corporate Fraud Plan
- (iii) The Internal Audit Charter

21/21 INTERNAL AUDIT PROGRESS REPORT - QUARTER 3 (01/10/20 - 31/12/20) [Item 11]

Declarations of interest:

None

Witnesses:

David John, Audit Manager

Russell Banks, Chief Internal Auditor

Key points raised during the discussion:

1. Officers introduced the report and noted details of the work completed by Internal Audit between 1 October 2020 and 31 December 2020. Members noted that the key audit findings from final reports issued during Quarter 3 were summarised in Appendix A of the report.

2. Members noted that a 'Reasonable Assurance' conclusion was given to the 'Cyber Security during COVID-19' Internal Audit report.
3. Members discussed the progress made in the Surveillance Cameras follow-up audit and asked that a further report is presented to the new Committee following the May 2021 elections.

Actions/ further information to be provided:

None.

Resolved:

The Committee noted the report.

22/21 DATE OF NEXT MEETING [Item 12]

The date of the meeting was noted as 7 June 2021.

Meeting ended at: 12.00 pm

Chairman

MINUTES of the informal meeting of the **AUDIT & GOVERNANCE COMMITTEE** held at 2.00 pm on 18 June 2021 via Microsoft Teams.

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

Elected Members:

Stephen Cooksey
Victor Lewanski (Vice-Chairman)
David Lewis (Chairman)
Rebecca Paul
Joanne Sexton
Richard Tear

1/21 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

There were none.

2/21 INTERNAL AUDIT & COUNTER FRAUD ANNUAL REPORT AND OPINION 2020-21 [Item 2]

Witnesses:

Russell Banks, Chief Internal Auditor
David John, Audit Manager

Key points raised during the discussion:

1. Officers introduced the item and noted that the purpose of the report was to give an opinion on the adequacy of Surrey County Council's control environment and covered the audit work completed in the year from 1 April 2020 to 31 March 2021 in accordance with the Internal Audit Strategy for 2020/21. Members noted that a Reasonable Assurance opinion had been given in the report.
2. Members noted that the Internal Audit service's response to COVID-19 was appreciated throughout the organisation. Further details on the service's response could be found in the report.
3. The Committee asked for further detail on the Local Enterprise Partnerships (LEP) internal audit and Officer Code of Conduct internal audit and why a partial assurance opinion had been given. In regards to the Officer Code of Conduct internal audit, officers explained that there was a key focus on the code's processes around Gifts and Hospitality and Declarations of Interest. It had been found that there were variations in how different services interpreted the policy and that the system was reliant on manager input. Members noted that the organisation's response to findings was to begin to move away from a manual recording process to become fully automated. In regards to the LEP internal audit, Members noted that the main issues were around post-project evaluation and implementation procedures. Weaknesses had also been found in how risks were recorded and that there was a low risk-appetite.
4. In regard to the summary of audit opinions 2020/21 compared to 2019/20 outlined in Annex 1, officers asked why there was a

significant difference between the number of audits within each year. Officers explained that the reasons were due to the COVID-19 response, fewer irregularities and an increase in grant work being conducted.

5. Members asked for details on the savings achieved through the counter fraud work. Officers explained that National Fraud Investigation work was still underway and that it was extremely difficult to put a monetary value on counter fraud work as not all cases included a loss or gain in money.
6. Members noted that it was very unlikely that the council would receive a substantial assurance opinion as improvements could always be made.
7. Members felt the report was a fair assessment of what had been undertaken over the last year.

Actions/ further information to be provided:

None.

Resolved:

The Committee:

1. noted the work undertaken and the performance of Internal Audit in 2020/21 and the resultant annual opinion of the Chief Internal Auditor; and
2. Determined that there were no matters that the Committee wished to draw to the attention of the Cabinet or full Council; and
3. Considered that the Council's arrangements for internal audit had proved effective during 2020/21.

3/21 RISK MANAGEMENT [Item 3]

Witnesses:

David Mody, Interim Strategic Risk Business Partner

Key points raised during the discussion:

1. Officers introduced the report and provided a brief summary. Members noted that the purpose of the report was to provide an update on the current risk management position and next steps to improve risk management across the organisation. Officers highlighted the following key points:
 - a. There was a need for more evidence of risk management throughout the organisation.
 - b. That there needed to be consistency on how risk registers were created throughout the organisation.
 - c. That further work was needed on the management of corporate risks.
 - d. That further resources were needed when some parts of the organisation were managing risks.
 - e. That an update was needed on the council's risk framework.
2. Officers went on to provide detail on actions and next steps which had been outlined in the report. Further to this, officers explained that a report on corporate risks would be considered at the next meeting.

3. Members asked whether there were any areas of the council that were conducting no risk management at all. Officers explained that a review of each directorate would be undertaken to understand if, and how, risk management was incorporated into the services. Officers would keep the committee updated on any progress.
4. The Committee asked for clarification on the quality of risk registers at the council. Officers explained that peer-review of risks registers as well as management review would be undertaken to share best practice as well as frequent reviews on an individual basis. Officers further stated that work throughout the COVID-19 pandemic had made officers more aware of the importance of risk management.

Actions/ further information to be provided:

None.

Resolved:

The Committee agreed that the council should continue with progressing the risk management approach detailed in the report.

4/21 2020/21 DRAFT ANNUAL GOVERNANCE STATEMENT [Item 4]

Witnesses:

Paul Evans, Director – HR&OD

Key points raised during the discussion:

1. Officers provided an overview of the draft Annual Governance Statement which summarised the council's governance arrangements for the financial year ending 31 March 2021. Members also noted that the report provided an update on last year's agreed actions and detail on key work being undertaken in the coming year. Furthermore, Members noted that the report also covered the response to the pandemic, recovery, conclusions in relation to financial management, transformation, system & process work and progress in workforce.
2. Members asked why the Annual Governance Statement stated that risk management had received a 'reasonable assurance' opinion when improvement to risk management was ongoing. Officers explained that the main detail was outlined within the Annual Audit Opinion and that the trajectory of improvement was taking into account when forming an opinion.
3. The Chairman asked that, going forward, officers consult Members in good time on the Annual Governance Statement to allow for any amendments to be made.

Actions/ further information to be provided:

None.

Resolved:

The Committee:

1. reviewed the contents of the draft Annual Governance Statement and confirmed that they were satisfied the governance arrangements were represented correctly; and
2. commended the draft Annual Governance Statement for publication with the council's Statement of Accounts.

5/21 DRAFT STATEMENT OF ACCOUNTS 2020/21 [Item 5]

Witnesses:

Barry Stratfull, Chief Accountant (Corporate)

Key points raised during the discussion:

1. Officers provided an update on the Draft Accounts and the process for undertaking the audit. Members noted that the statutory deadline for publishing the draft accounts for 2019/20 was moved from 31 May to 31 August, with the deadline for audit sign-off moving from 31 July to 30 November. Members went on to note a list of key points from the Draft Statement of Accounts which could be found from page 5 of the supplementary agenda.
2. A Member of the Committee raised concerns with some of the wording used within the narrative statement. Following discussion, it was agreed that the Audit and Governance Committee would convene to provide feedback on the narrative statement and that any amendments would then be reviewed by the Executive Director for Finance. It was further agreed that Officers would make a decision outside the meeting on whether the consultation meeting should be held in public or private.
3. Members noted details on the Boarder to Coast Pensions Partnership.

Actions/ further information to be provided:

A1/21 - The Audit and Governance Committee to provide feedback on the narrative statement which will then be reviewed by the Executive Director for Finance. Officers to make a decision outside the meeting on whether the consultation meeting should be held in public or private.

Resolved:

The Audit & Governance Committee noted the draft accounts and the process for undertaking the audit.

6/21 2020/21 TREASURY MANAGEMENT OUTTURN REPORT [Item 6]

Witnesses:

Mark Hak-Sanders, Strategic Finance Business Partner

Key points raised during the discussion:

1. Officers introduced the item and explained that the report summarised the Council's treasury management activities during 2020/21, as required, to ensure compliance with the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public

Services: Code of Practice (the CIPFA Code). Further details can be found from page 51 of the agenda.

2. A Member of the Committee noted that one of the key issues in the report was around inflation and interest rates remaining low and this was particularly as borrowing had increased externally. Officers confirmed that Arlingclose, the council's treasury management advisers, were consulted on a regular basis to ensure the council's strategy was appropriate.
3. Members noted details related to non-treasury investments and loans made to Halsey Garton. It was explained that the council's capital and investment strategy set out the approach in managing non-treasury investments.
4. In regards to loans to Halsey Garton outlined in the report, officers confirmed that the council kept track of the value of property in Halsey Garton to ensure it remained above the value of outstanding loans.

Actions/ further information to be provided:

None.

Resolved:

The Committee noted the content of the Treasury Management Outturn Report for 2020/21 and compliance with all Prudential Indicators.

7/21 DATE OF NEXT MEETING [Item 7]

The date of the meeting was noted as 29 July 2021.

Meeting ended at: 3.34 pm

Chairman

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Audit & Governance Committee
20 September 2021

ACTIONS TRACKER

PURPOSE OF REPORT:

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

INTRODUCTION:

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

RECOMMENDATION:

The Committee to note the actions tracker attached as Annex A.

REPORT CONTACT: Angela Guest, Committee Manager
angela.guest@surreycc.gov.uk

Sources/background papers: None

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Audit & Governance Committee Action Tracking

ACTIONS

Number	Meeting Date	Item	Recommendation / Action	Action by whom	Action update
A1/21	18 June 2021	Draft Statement of Account 2020/21	The Audit and Governance Committee to provide feedback on the narrative statement which will then be reviewed by the Executive Director for Finance. Officers to make a decision outside the meeting on whether the consultation meeting should be held in public or private.	Committee Manager	Narrative statement emailed to Members and comments received back.

Audit & Governance Committee Action Tracking

COMPLETED RECOMMENDATIONS/REFERRALS/ACTIONS – TO BE DELETED

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Audit & Governance Committee
20 September 2021

Annual Complaints Performance Report

Purpose of the report:

To give the Audit & Governance Committee an overview of the Council's complaint handling performance in 2020/21 and to demonstrate how feedback from customers has been used to improve services.

Recommendations:

It is recommended that:

The Audit & Governance Committee note the report.

Introduction:

1. The Council has three complaints procedures: one for Adult Social Care, one for Education and Children's Services and one for all other Council services. The procedures for dealing with complaints about children's and adult social work services are set out in law. The corporate complaints procedure (covering all other Council services) is based on best practice. This report gives an overview of complaint management for all three procedures.
2. Adult Social Care and Education and Children's Services produce separate annual reports where more detailed information and analysis about the types of complaints received and outcomes and improvement actions can be found. Regular performance reports are shared with service managers and leadership teams.
3. The Local Government and Social Care Ombudsman (LGSCO) is the final point for complaints about councils and some other organisations providing local public services.
4. This report also sets out LGSCO findings on complaints about Surrey County Council. The LGSCO's figures included in this report are based on those in the LGSCO's Annual Review letter, issued on 21 July 2021.

5. We also report on complaints made about Surrey County Council's Pensions Service. As well as Surrey County Council, the service administers the pensions function for three other local authorities, London Borough of Hammersmith & Fulham; London Borough of Hillingdon; and the City of Westminster. The service did also provide pensions administration for East Sussex County Council and the Royal Borough of Kensington & Chelsea but the administration for these Pension Funds moved back in house during 2020/21. Pension complaints are dealt with through a separate complaints procedure and have a separate Ombudsman, The Pensions Ombudsman. The Pensions Service provides separate reports on complaints received to the respective Pensions Funds.

Background to complaints handling in Surrey County Council:

6. Effective complaint handling is critical to delivering good customer service and good outcomes for our residents. As well as putting things right when they go wrong, every complaint presents a potential opportunity to learn and improve and rebuild trust.
7. The volume of complaints does not in itself indicate the quality of the Council's complaint handling performance. Low complaint volumes can be a sign that an organisation is not open to receiving feedback.
8. Escalation rates and uphold rates are a better measure of performance because these indicate where complaints were not resolved at service level and where fault has been found.
9. Where fault is found, actions are put in place to resolve the complaint for the customer and to make sure we improve our service. Specific examples are highlighted in Annex 1.
10. Even if a complaint is not upheld, there is always the opportunity to learn about why the customer has made a complaint and to understand their motives and feelings.
11. Where there is an alternative route for resolution e.g. appeals process, the matter will not be considered through the complaints procedure. For example, data breaches, Special Educational Needs (SEN) tribunals and school transport appeals panel.
12. It is important to capture a balanced view of services and to recognise and learn from good service, which is why compliments received by customers are also recorded and referenced in this report. Examples are given in Annex 2.

Early Resolution

13. We have an online complaint form to make it easy for customers to contact us when it suits them. We receive a number of service requests through this route, as well as residents commenting on policy decisions.

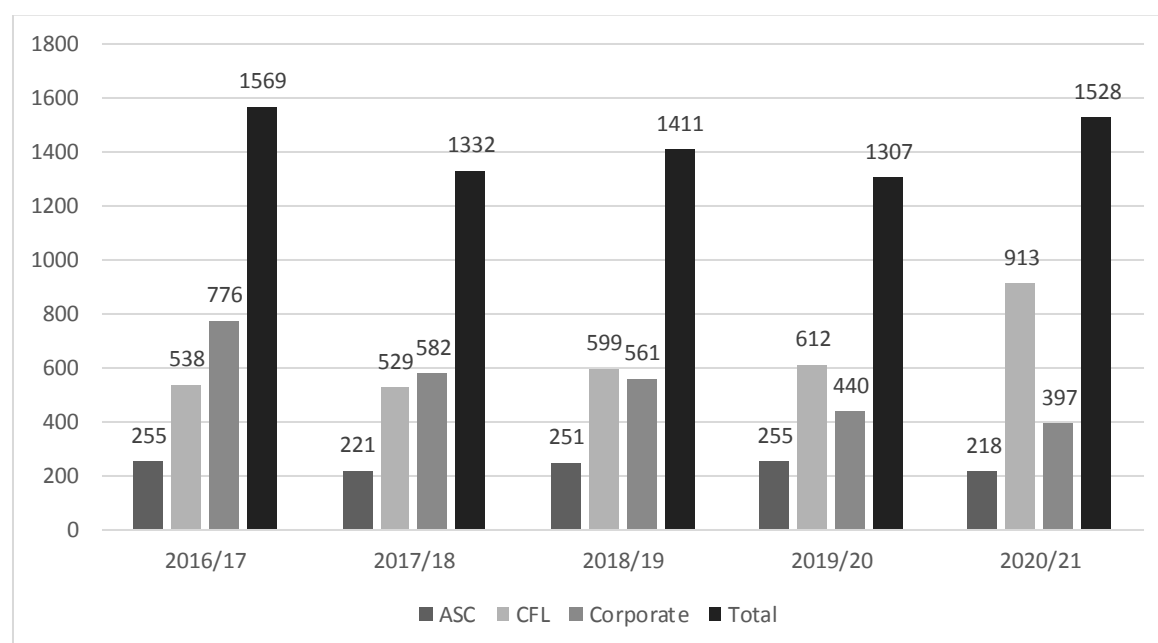
While our online form is popular, we recognise not everyone has access to, or can use, digital services. This is why we have other ways to contact us, such as by telephone.

14. Corporately, we operate an early resolution approach and proactively review all complaints to make sure any enquiries are properly routed to the person or service best placed to help or respond. We also evaluate whether what the customer has asked for can be achieved without the need to go through the complaints procedure.
15. The Customer Relations Team proactively works with services to prevent issues escalating where the required advice, information or preferred outcome can be provided quickly outside the complaints procedure. This is to provide a proportionate and resolution focused service; it is not designed to prevent complaints being made.
16. This approach helps distinguish complaints from service requests quickly and makes sure they are properly routed with minimum delay. Additional work has been undertaken on the website to better guide customers wanting to make service requests. 912 online complaint forms were submitted in 2020/21, compared to 929 in the previous year.
17. The majority of customers used the online form for highways issues (372), with the most frequent topic being potholes, roadworks, and parking issues. The next most frequent contact related to Waste (187), then Transport (80); the majority relating to bus services. We also received around 125 enquiries relating to services provided by district and borough councils. Where appropriate, customers were signposted to the responsible authority.
18. Some of the regular issues reported through the online complaints form, included:
 - Waste charges
 - Countryside – overgrown footpaths/obstructions
 - District & Borough Council matters e.g. missed bin collections, street cleaning, neighbour issues, dog fouling
 - Bus services – changes to routes / operators, timetables etc
 - Property – reports about lighting / alarms / generators
 - Trading standards- reports about businesses not complying with COVID-19 rules
 - Highway enquiries re roadworks/road closures
 - Insurance claims

Complaint handling performance in 2020/21:

19. During the year 2020/21, the three complaint teams within Surrey County Council received **1,528 complaints**: a 17% increase across the board from the previous year (1,307).
20. Breaking this down into the three main areas, Adult Social Care saw a 14.5% decrease, the Children and Education Customer Relations Team saw a 49% increase and all other services a 10% decrease.
21. During 2020-21, the Children and Education Customer Relations Team received a total of 913 complaints. 424 of the complaints recorded related to Children's Services, with a further 308 complaints were recorded about Education. 181 complaints about Home to School Transport were handled under the corporate complaints procedure.

Figure 1: Total complaints received



22. The top area of complaint for 2020/21 related to Children's Social Care Services (424). During 2019/20 the Children's, Families and Lifelong Learning Directorate introduced a new casework management system to enable families to record their own complaints online, which has been increasingly used during 2020/21. Over the past five years, the number of complaints about Children's Services has remained relatively stable, increasing by 12.8% over the period. In Education Services, the trend has been 'up' overall with an increase of 83% over the period. This is not unexpected and is reflective of the challenges being faced nationally by SEND Services.

23. During 2020/21, we received a significant increase in the number of contacts about Home to School Transport. In 2020/21, 134 of the 181 complaints about Home to School Transport were received during the period July to October 2020. Most of these related to children holding Education Health Care Plans.
24. This increase was due to a change in the application of the transport policy, as well as the impact of the Covid 19 pandemic restrictions, which meant families faced delayed provision of transport. This led to 804 enquiries, of which 134 escalated into complaints. As a result, an improvement plan for the full end-to-end Home to School transport process is in the process of being delivered.
25. The most frequent subject of complaint for each of the complaints procedures are shown in Figure 2 below. Service specific delivery issues followed by lack of communication were the most frequent complaint categories.

Figure 2: Complaint categories 2020/21

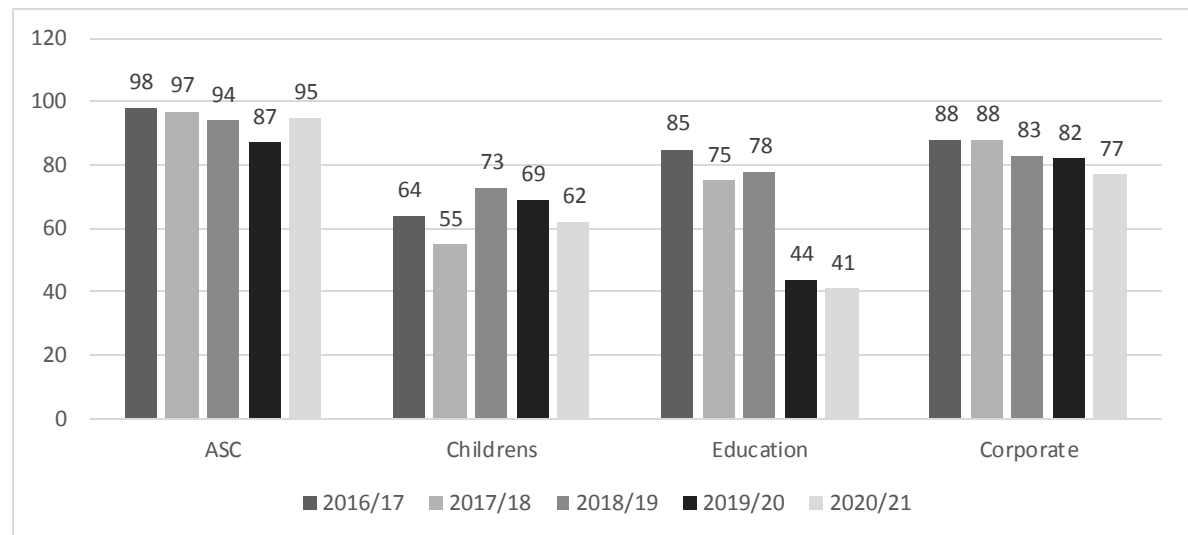
CORPORATE	CHILDREN, SCHOOLS & FAMILIES	ADULT SOCIAL CARE
Roadworks/resurfacing	Disagreement with assessment, content, and outcomes	Staff conduct, the assessment process, and issues linked to service provision
Trees/overgrown vegetation	Children out of education and without alternative provision	Financial/funding issues
Flooding	Delays in responding to Annual Reviews for children with EHCP	Dissatisfaction with assessment process
Potholes on road surface	Delays in EHCP process/disagreement with content	Poor communication
Waste sites	Children not meeting the criteria for support from Children with Disability Services	Decision making

Complaint trends & performance:

26. For corporate complaints, the target is for 90% of stage 1 complaints to be responded to within 10 working days. 77% were responded to within timescale, compared to 82% the previous year.
27. For Adult Social Care, the target is for 90% response within 20 working days (extension can be agreed) . The figure for this year was 95% compared to 87% in 2019/20.

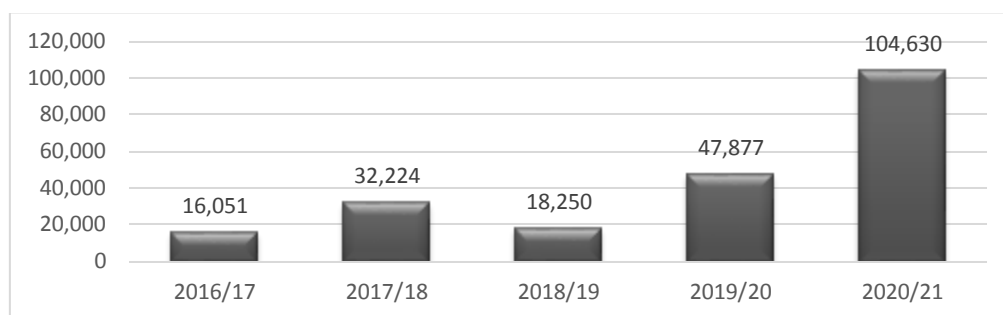
28. For Children's, Families and Lifelong Learning, the complexities of complaints continue to impact the ability to respond within the statutory timescales. The Directorate is working towards 80% compliance within 10 working days (extended to 20 working days if necessary). 41% of Education complaints were responded to in timescale, compared to 38% in the previous year. For Children's Services 62% were within timescale, compared to 69% in 2019/20.

Figure 3: Performance against response target



29. The Council's complaints function continued as normal throughout the Covid-19 pandemic. However, the challenges faced by front-line staff and the focus on delivering essential services for residents did impact response times and available resource. The longer response times for Children's Services was not unexpected because of the increasingly complex nature of concerns shared by families, particularly during the height of the pandemic.
30. Where fault is found following a complaints investigation, financial redress can be recommended where appropriate. All financial awards are approved by the relevant Head of Service and, if greater than £1,000, in consultation with the relevant Cabinet Member. The Ombudsman can also recommend financial redress if they find fault following an investigation.
31. There was a significant increase in the amount of financial redress paid in 2020/21 (£104,630.15) compared to 2019/20 (£47,877).

Figure 4: Financial Redress payments year-on-year



32. For Children's, the total paid was £75,560.25 of which £22,727.42 were payments directed by the LGSCO and £52,832.83 were remedy payments agreed by the Council.
33. Of the LGSCO directed payments £17,807.42 related to SEND and £4,920.00 related to Children's Social Care.
34. Of the £52,832.83 local remedy payments:
- £19,757.50 related to Education Services (this includes one single payment of £7,067 for a SEND case involving a child missing education)
 - £11,201.00 related to Home to School Transport
 - £21,874.33 related to Children's Services. This includes two payments (£6524 and £4600) where the Southwark Judgment was not applied correctly leaving two care leavers at risk. It also includes a single payment of £6,000 relating to a breach of confidentiality.
35. The Council also reimbursed parents a total of £86,748.60, due to the difficulties related to Home to School Transport during the Autumn academic term beginning September 2020. This meant some parents/carers had to transport their children themselves for a period of time. This was included in the service budget.
36. For Adult Social Care, the total paid was £28,669.90, of which £28,069.00 were payments directed by the LGSCO, and £600.00 were remedy payments agreed by the Council. The £28,069.00 payments directed by the Ombudsman included payments for the following two complaints:
- A payment of £11,200 as reimbursement for monies paid to the care provider as an 'unofficial' third party top up payment.
 - A payment of £10,798 to refund the cost of unpaid support that the service self-funded, time and trouble payment, and a payment to a family member for the payments she missed out on due to the Council's actions.

37. Totals of financial redress payments for are show below (figure 5).

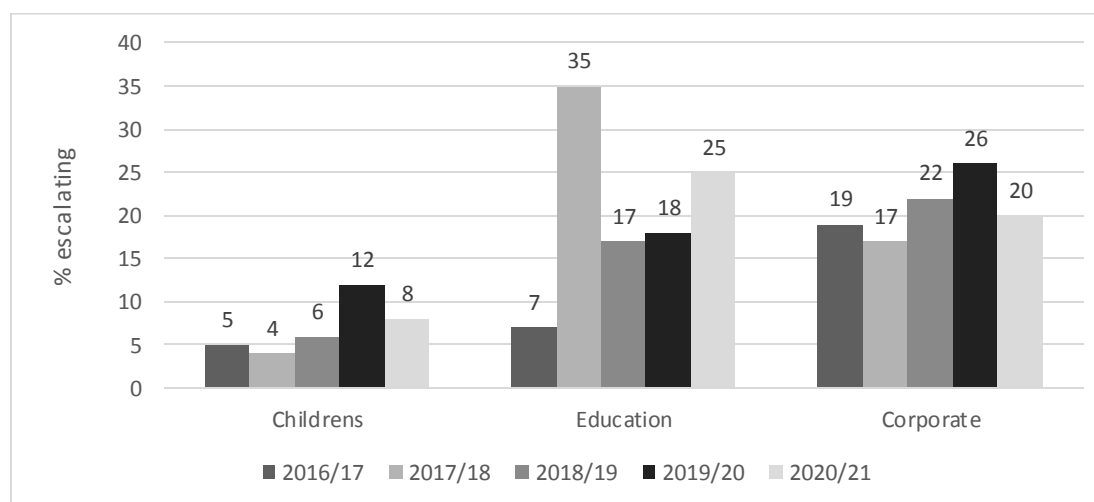
Figure 5: Financial Redress breakdown 2020/21

COMPENSATION 2020/21	
Adult Social Care	£28,669.00
Children, Families & Learning	£75,560.25
Corporate	£400.00
Total	£104,630.15

Complaint Escalation:

38. We aim to resolve complaints at the earliest opportunity; however, customers can escalate their complaint, both to the next stage of the Council's complaints process (where this option applies) and to the LGSCO for external independent investigation. Escalation rates are a good indicator of how successfully complaints are being handled at point of service.
39. 20% of complaints (78 out of 397) were escalated from Stage 1 to Stage 2 of the Council's corporate complaints procedure in 2020/21; a 6% decrease from the previous year (26%). Due to their complexity, 28 complaints were taken on straight at stage 2 to avoid further frustration for customers.
40. During the 2020/21 financial year, 8% of complaints about Children's Services escalated to the second stage of the complaint process. This was a decrease of 4% from the previous year. 25% of complaints about Education Services escalated to the second stage, an increase of 7%.

Figure 6: Complaint escalation year-on-year

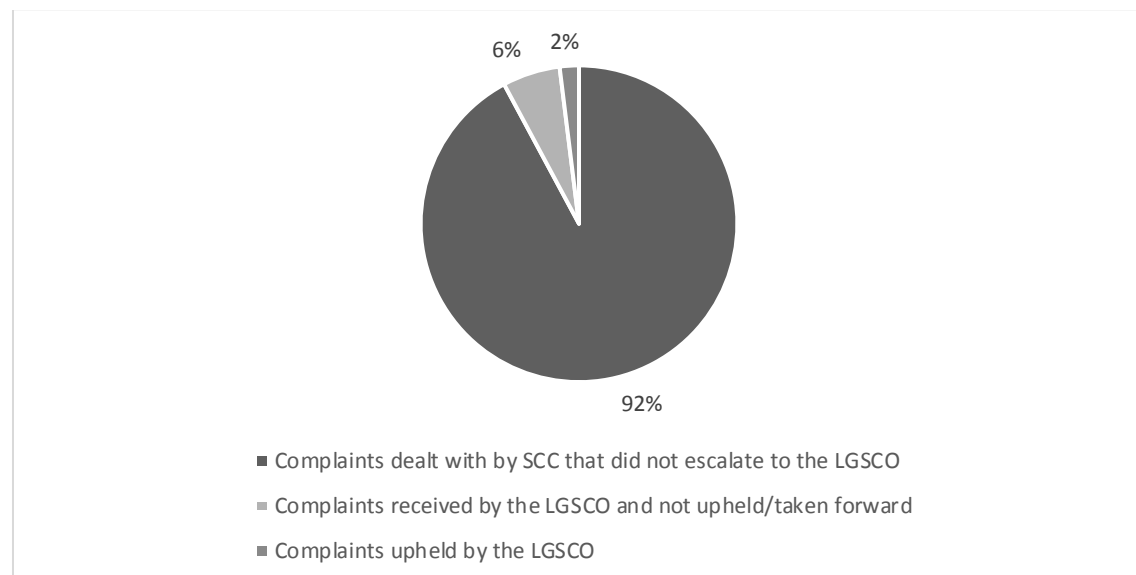


41. Adult Social Care is required by law to have a one stage complaint procedure. This is why there is no escalation rate for Adult Social Care complaints.

Escalation to the Local Government & Social Care Ombudsman

42. In 2020/21, the Ombudsman received 125 complaints and enquiries about Surrey County Council; 8% of the total number of complaints received by the County Council. This was a decrease from 2019/20 (14%). Of these 125 enquiries, the Ombudsman issued 119 decisions. It should be noted that the Ombudsman paused their casework between end of March and late June 2020 to allow authorities to concentrate their efforts on frontline services during the pandemic. This will have had an impact on their data. See Annex 3 for a year-on-year comparison.
43. Only a very small number of the complaints we receive escalate to the Local Government and Social Care Ombudsman. The vast majority are successfully resolved and responded to by us.
44. Only 30% of the total number of enquiries the Ombudsman received about Surrey County Council progressed to an investigation. Of these 38 complaints, 34 were upheld (89%). This compares with an average of 71% for similar authorities. In over half of the cases where the Ombudsman found fault, we had already upheld the complaint through our own procedures. In some cases, the Ombudsman confirmed the remedy we had already offered the customer to resolve the complaint.

Figure 7: Escalation to the Ombudsman 2020/21



45. Where the Ombudsman has upheld a complaint, this indicates fault on the part of the Council in delivering its services. This can also include cases where the authority accepted fault before the Ombudsman investigation. We aim to learn from upheld complaints to identify what went wrong and to put in place measures to make sure a similar situation does not happen again.

46. Benchmarking of Ombudsman escalation rates with other similar county councils can be found at Annex 5 to this report and examples of complaints upheld and not upheld by the Ombudsman at Annex 6. The Ombudsman annual statistics are a good benchmarking tool as it is a consistent, independent measure for complaint escalation for all local authorities in England and the Ombudsman is the same final stage for all complaint procedures.
47. As shown in Figure 7, the escalation rate to the Ombudsman was 8%. The three most common categories of complaint to the Ombudsman were Education and Children's Services, Adult Care Services, and Highways & Transport. Education and Children's Services was the top category of complaint about Surrey County Council. Upheld complaints included: not giving notice of an increase in care home charges; delays in carrying out needs assessment; failure to provide suitable educational provision; delays with Education, Health and Care Plan process; failure to provide appropriate advice for young people missing education; failure with process and decisions around home to school transport; communication failure relating to the implementation of a parking permit scheme.
48. Financial redress was recommended in 79% of the cases upheld by the Ombudsman, an increase from 52% the previous year. For some financial remedies, the Ombudsman was ratifying or agreeing the remedy offered at stage 2 of the Council's complaints procedure.
49. This year the Ombudsman issued two public reports about Surrey County Council. The first concerned provision of school transport to a child with an Education, Health and Care Plan (EHCP) moving to post 16 education. The second public report detailed failings in the end-of-life care provided to an individual by a care home; a placement which the Council had arranged and funded. Both reports were considered by Surrey County Council's Cabinet.
50. Surrey County Council has a 100% compliance rate with implementing Ombudsman recommendations.
51. To improve elected member oversight of Ombudsman complaints, a process has been put in place to notify relevant Cabinet Members about LGSCO cases and decisions.

Pensions Complaints

52. Figure 8 (below) shows the complaints received for the year 2020/21 for Surrey County Council's Pensions Service.
53. There were no recorded cases of complaints being referred to The Pensions Ombudsman.
54. Most complaints received were about Surrey County Council's Pension Fund, which is to be expected given that it is the largest of the Funds.

Overall, the total number of complaints have decreased from the previous year.

Figure 8: Pensions Complaints 2020/21

Fund	Comms	Service Quality/Delay	Other	2020/21 Total
Pensions	5	3	42	50
Hammersmith & Fulham	0	3	1	4
Hillingdon	0	0	4	4
Kensington & Chelsea	0	0	2	2
Westminster	1	0	2	3
Surrey	14	10	10	34
Total	20	16	61	97

Learning from complaints

55. Every complaint presents an opportunity to put things right for the complainant and also for the Council to learn and improve. An individual complaint may result in a single action to put that situation right, or multiple complaints about the same issue could indicate a need to review how a service is delivered. Specific examples are given in Annex 1.
56. We also implemented 18 service improvements following Ombudsman investigations; these included reviewing a number of procedures and staff training.

Compliments:

57. It is important to present a balanced view of services and recognise and learn from good service. Throughout the year Surrey residents and customers have taken the time to compliment the standard of service they have received. In 2020/21, the Council recorded 2123 compliments about its services: 116 for Children and Family Service, 53 for Education; 455 for Adult Social Care and 1,499 for all other services. This is an increase on the 1988 compliments recorded in 2019/20.
58. We are working to ensure more consistency in recording of compliments e.g. through a standard definition. Compliments are now routinely captured on our casework management system and this is being promoted both within and outside the Council. Extracts from compliments received are in Annex 2.

Conclusions:

59. What are we doing well?

- a) Regular reporting on customer relations activity across the three areas to respective management teams. This has increased transparency and informed changes in service delivery.
- b) Providing high quality advice and support on general complaint handling across all three areas.
- c) Focusing on early resolution – actively reviewing initial enquiries to prevent unnecessary complaint escalation.
- d) Providing timely and full responses to Ombudsman enquiries. Central guidance has been rolled out and proactive prompting of deadlines is in place to help set clear and consistent standards.
- e) Children's Customer Relations Team has introduced a new e-learning package and created and published a SharePoint site for colleagues to access up-to-date information on effective complaints management.
- f) Children's Customer Relations Team has developed Service Level Agreements with front-line services and increased the exchange of information between Quality Assurance Teams and the Customer Relations Team to inform practice delivery.
- g) Children's Customer Relations Team has arranged the delivery of an LGSCO training course for over 150 officers on Effective Complaints Management.
- h) The Adults Customer Relations Team has produced a new complaints leaflet, together with an 'Easy Read' version which is widely circulated.
- i) Training has been delivered throughout the year for Adult Social Care Managers and practitioners on handling complaints and responding effectively.
- j) The Adult Social Care Customer Relations Team has provided advice and guidance to the In-House Home managers that transitioned back to the Adult Social Care Directorate and supported the newly created Learning Disability and Autism and the Mental Health services.
- k) The Adults Customer Relations Team continues to lead on most joint complaints with the NHS and works in partnership with health partners to address and resolve complaints
- l) All teams provide guidance on the management of challenging behaviours to help with the delivery of unwelcome messages and to prevent relationships with customers deteriorating.

60. What do we need to continue to work on?

- a) Training and support to create a strong customer ethos that cuts through each part of the organisation – putting our customers at the heart of what we do everyday
- b) Drive changes to behaviours and the way we work to build better relationships with our customers and support improved collaboration and engagement
- c) Reduce the financial impact of complaints by getting things right first time more often and make sure all staff feel empowered and have the time to respond positively to customer complaints
- d) Showcase good practice and share more widely the learning from complaints
- e) Embed the electronic case work management system for complaints and other customer feedback across all services to use it to its full capacity to provide better oversight and monitoring
- f) Developing the reporting functionality of the casework management system to enable consistent reporting across all three complaint teams
- g) The Children's Customer Relations Team will:
 - Redesign their webpage
 - Review and publish information leaflets for families
 - Introduce an Early Resolution approach in line with the corporate model
- h) The Adults Customer Relations Team will:
 - Continue to support teams, specifically with effective complaints handling and ongoing training, to ensure quality responses with a focus on putting things right.
 - Continue to develop and embed a culture of improving services, as a result of identified learning from complaints.

Financial and value for money implications

61. Payment of financial redress (as shown in Figures 4 and 5) is the financial implication of complaint handling. Responding to complaints quickly and getting issues resolved early ensures complaints do not escalate unnecessarily through the process and minimises the requirement to pay financial redress.

Equalities and Diversity Implications

62. Ensuring we maintain good complaint handling processes enables our service to remain accessible to all. We continually review ease of access to all three complaints procedures to ensure particular groups are not disadvantaged. Should an Equality and Diversity issue be identified through a complaint investigation, this will be addressed with the service concerned.

Risk Management Implications

63. The complaints process does not have any direct risk management implications; however, complaints do carry a risk to the council's reputation if not handled appropriately. We routinely review and report on complaints data to ensure our processes are effective and to minimise any risk.

Next steps:

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

Report contact: Sarah E.M Bogunovic, Head of Customer Strategy & Futures

Contact details: Tel: 07977266706, sarah.bogunovic@surreycc.gov.uk

Annexes:

1. Examples of learning identified through customer feedback
2. Extracts of compliments
3. Complaint escalation to LGSCO
4. SCC Complaints breakdown – referrals to LGSCO
5. Benchmarking of LGSCO complaints
6. Example case studies of LGSCO decisions (upheld vs not upheld)

Sources/background papers:

- Surrey County Council complaints tracker, Adult Social Care Customer Relations Team, Children's Customer Relations Team.
- Local Government & Social Care Ombudsman Annual Review Letter 2020/21 for Surrey County Council - available on their [website](#)
- Decision Notices available on LGSCO [website](#)

Annex 1: Examples of learning identified through customer feedback

Customer said: The family complained that they were not informed by the Council that there would be a charge for the Sitting Service and had not received the financial assessment. They felt that staff were not helpful in their communication when discussing this matter. The findings supported the complaint.

We did: All staff were reminded of the importance of discussing financial assessments and charges for services early on when talking to service users and their families/carers.

Customer said: Complaint regarding the poor quality of communication and errors and inadequate record keeping. The investigation found fault with the quality of some of the communication with the family and the case recording was not satisfactory

We did: Discussed with each staff member regarding the need for accurate and timely communication to families and advised them of findings of complaint investigation. Process for follow up actions in safeguarding cases has been reviewed to ensure regular meetings with the NHS safeguarding lead take place, to ensure timely follow up on the request for reports and information from health, and training and reflective session held for practitioners on the safeguarding process and outcomes.

Customer said: Foster carer complained about delays in applications for passports for children in care

We did: We revised our process to ensure that social workers follow clear guidelines to avoid delays.

Customer said: Parent complained that there was no clear published process that informed parents on how to apply for respite care when a child is not open to social care, specifically the CWD Service

We did: We revised the information available to parents and published this on the SEND Local Offer webpage.

Customer said: The customer complained about a change of hours for pavement works which resulted in some works taking place at night without advanced warning to local residents.

We did: We amended the procedure for the local Structural Repair Programme to ensure all relevant teams within the council were aware of any proposed changes in hours of planned works.

Customers said: A customer complained about ongoing overgrown vegetation and trees from a neighbouring property

We did: We reviewed the wording of vegetation cards issued to private landowners to make clear that there is an ongoing responsibility on private landowners to regularly maintain the trees/hedges on their property throughout the year so that they do not obstruct the highway.

Annex 2: Extracts of compliments received

ADULTS:

Waverley Locality Team: I am writing as I wanted to express my great thanks and compliment one of your members of staff, X, who was allocated to work with my parents in April 2020. X has been such a true professional. She has been supportive, shown great kindness to both my parents and my brother and me. Given us good clear advice and just got on with what needed to be done during a time of great uncertainty, changes and challenges. I cannot thank her enough for what she has done and feel so lucky she was chosen as my parents Social Worker.

Learning Disability team: I just needed to let you know how very grateful we are to X for her invaluable help during this year. My son was removed from his placement in February and X was assigned to his case. (Not an easy one!!) She has been dedicated and professional throughout with a solid and friendly attitude - **nothing** has been too much trouble for her. Despite my endless calls and emails she has been so patient and her "can do" attitude has really helped us through. She really has gone far and above what was expected of her and due to her hard work and commitment my son has been successfully placed in a lovely house.

Team at St Peter's Hospital: Thank you for all your hard work during my mother's spell in hospital. I was regularly kept up to date throughout, at a time when information was hard to come by due to the Coronavirus. X was supportive and professional and made what was a difficult situation easier by being clear and always at hand. She didn't speak about 'a patient', she spoke about my mother, and so I felt that she cared and understood what I was going through.

Elmbridge Locality Team based at Walton Community Hospital: My family and I appreciate the support you gave us and the hard work and effort you put in to finding the right care for our mum/grandmother. We know that it was really difficult initially for you to get a clear understanding and assessment of her needs, especially with the gaps in resources / communication caused by the pandemic but still you managed to work things out and kept us informed as to what was happening. Thanks to you, she is in a lovely nursing home.

Epsom & Ewell Reablement Team: Thank you on behalf of my Mum. Getting Mum out of hospital and looking after her at home would not have been possible without the kindness and professionalism of the team. With the virus threatening us all, they were cheerful and caring which made Mum feel safe. She came home unable to walk, depressed and unable to hold a cup. With the help of your team she is now walking with support, eating well, washing, dressing, and going upstairs to her own bed.

Arundel House: I want to acknowledge the fantastic care and support staff at Arundel House have offered my sister and the residents during this difficult period. The communication has been excellent, which is vital when I'm unable to visit. If there is anything you can do to acknowledge the work they do, please do so.

CHILDREN'S & EDUCATION:

Fostering Service: I wanted to thank you, this is a very stressful time for the family and no matter how busy you have been, you have taken the time and listened and advised when I needed it. I can't thank you enough.

NW Assessment Team: Quote from a parent after reading assessment 'I have read through this and I can see that you have been extremely thorough. It is encouraging to know that there are people like you looking out for the best interest of children'

SE Family and Safeguarding Team: I think you've been a breath of fresh air. You have no idea how much I appreciate the time you have taken to talk with me and to spend the time watching how the girls interact with me. No one else has done that so I'm 100% happy with what you are doing so far.

HOPE service: We just wanted to take a moment to express to you and all the staff at Hope, our gratitude to you for continuing to support us in this risky time. We recognise that you are putting yourselves at risk for our wellbeing and it's hard to express our gratitude. Would you please pass this message to all at Hope - I'm especially keen that all staff hear the message for example cleaning staff, admin staff and non-front-line staff as well as all the education and support team. Thank you all for your help and support and please stay safe.

NE SEND: just wanted to thank you again for all your hard work supporting us and X in the EHCP/school placement process. We are thrilled she can stay at [place] where she is happy and safe and thriving. We really appreciate everything you have done to help secure this placement. I also wanted to let you know how very impressed Y have been with your work and have more than once told us how lucky we are to have you as X's caseworker. We couldn't agree more. Thank you again

EDUCATION AND INCLUSION SERVICE - NORTH EAST: Thank you so much, we will always be so grateful to you for giving X this chance in life, I have just let X know and he is so happy, so thank you so much, Enjoy the rest of the summer.

CORPORATE:

CRCs: Visit to the Lyne Lane Centre this week, I was overawed by the appearance, organisation, cleanliness, and welcoming staff. An outstanding effort by all concerned. Congratulations and thank you for a very pleasant experience.

Surrey History Centre: Thank you for your help and kindness during my search. I have found the last resting place of my Grandfather, and I plan to "reunite" my Mother with her Father once we get this awful pandemic behind us!

Registration: I recently ordered a full copy of my birth certificate, which I need here in X to register for health care and, therefore, go on the list for vaccination. It arrived with my daughter in Scotland 4 days later, and she was

able to scan it ...I had accepted there could be a delay because of COVID, so to get this certificate so quickly was a real bonus. Just as there are human consequences when government departments are slow and inefficient, so there are also very personal benefits when you are quick and helpful. It has made a real difference to have this so speedily. Please pass on my sincere gratitude and congratulations to the department involved....

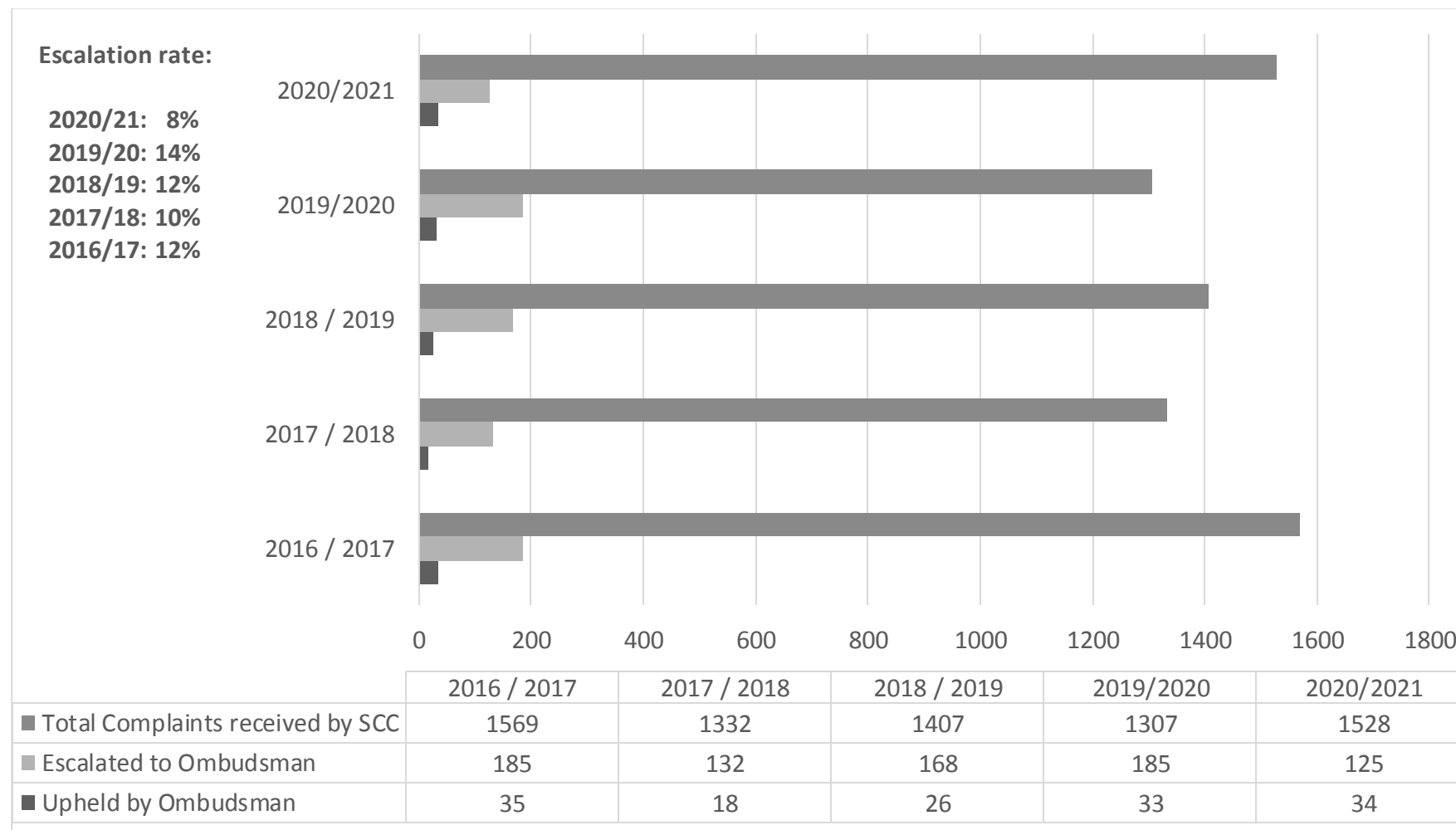
Highways: I reported that drivers had collided with a lamp post in a road named Rozeldene in Hindhead last week. To my surprise an engineer came out within 30 minutes to check that the lamp post was ok. Then just this morning I have found that another engineer has been out to concrete in the bottom of the lamppost, and I am now assuming that the case has been dealt with. This is extremely efficient and timely, and I can't remember the last time I have received such good service. Well done highways Team!

Libraries: Library Direct Home Service: Can I just say, whilst you are on the phone that this service has been a lifeline to me, I've felt very isolated and this is what has kept me going, please pass on my thanks

Contact Centre: I just wanted to give feedback on the excellent service I received from X at your contact centre this morning. Not only was he polite, friendly and helpful on the phone, he managed it well. He tried to get me an immediate answer and when he couldn't he took my details to call me back. He called me back promptly, and although he couldn't get hold of the department, explained the situation and gave me the email address to contact them. He also then followed up with an email to ensure I had the correct details. He went the extra mile, by offering talk to my young daughter who wanted to talk on the phone, to keep her happy whilst I was speaking to him. I thought this call was an example of excellent customer service, and I am thankful for the service I received today.

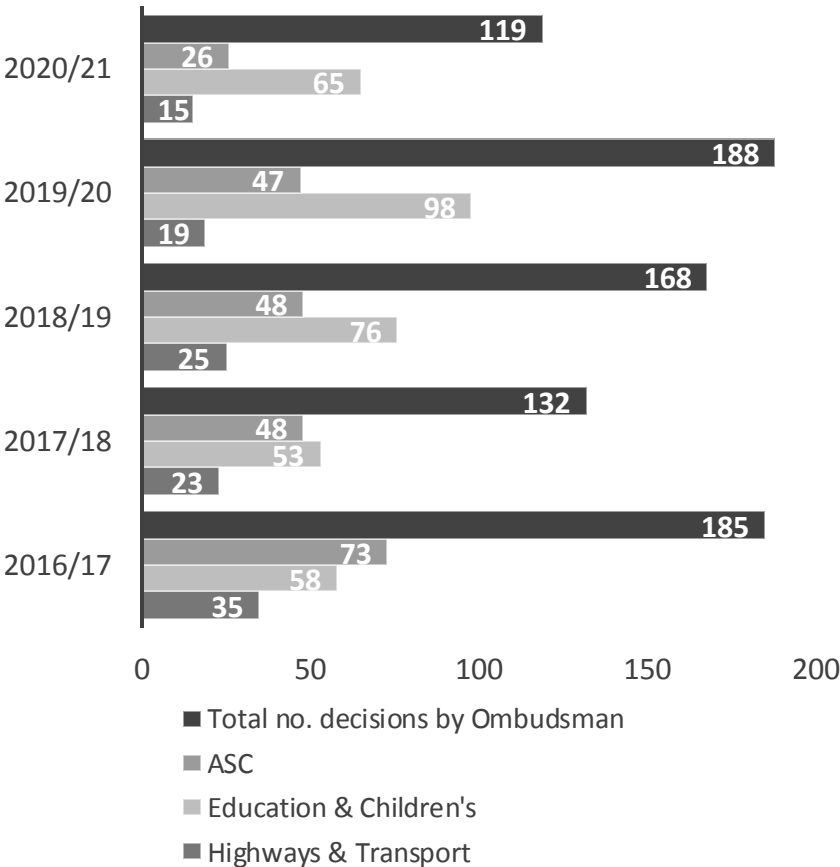
Countryside re resurfacing of a bridleway: May i say a BIG THANKYOU from myself and everyone at X ... what an improvement.. we love it... I know it's not yet finished but we are all so grateful, There has also been so many passing comments from other users.. bike riders and walkers.. it is so much nicer and much safer. Thank you so much.. and to you personally X thank you so much for your regular updates and great communication. Thankyou....really much appreciated from us all

Annex 3: Complaint escalation to LGSCO

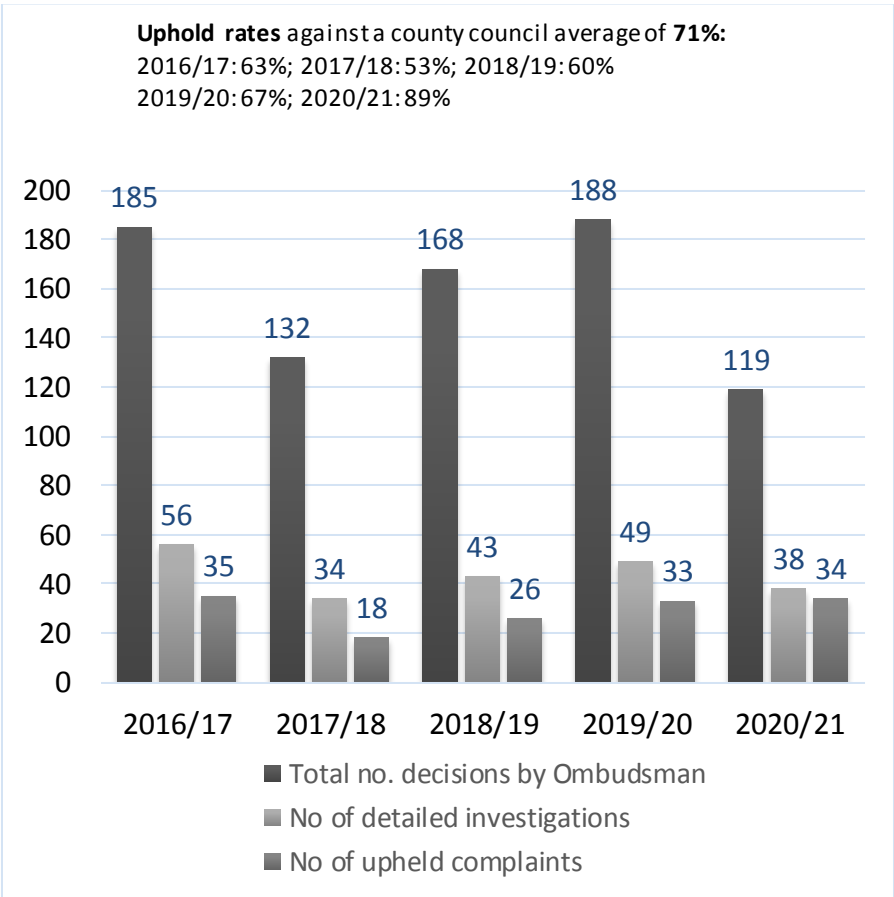


Annex 4: SCC Complaints breakdown – referrals to LGSCO

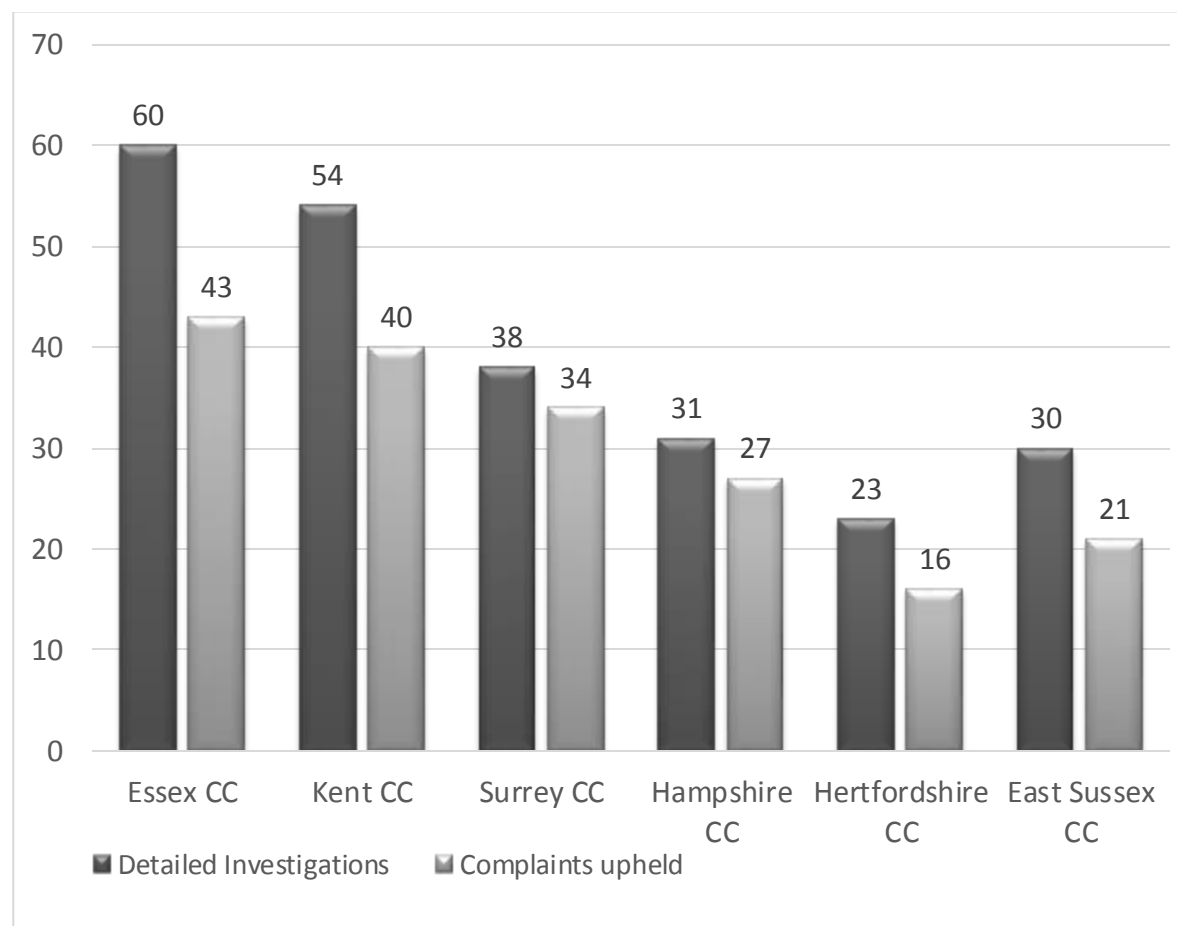
Areas of complaint



Number of detailed investigations and complaints upheld



Annex 5: Benchmarking of LGSCO complaints



Annex 6: Example case studies of Local Government and Social Care Ombudsman decisions 2020/21 (upheld vs not upheld)

Adult Social Care: Upheld

20 004 804: The Ombudsman found that the Council was at fault in the way it handled an increase in a person's residential care fees. It fettered its discretion by adhering to a rigid interpretation of its fee guidelines, and also allowed an informal third-party top-up arrangement, both of which conflict with the statutory guidance. The Council agreed to remedy this by reimbursing the money paid via this arrangement.

Adult Social Care: Not upheld

20 000 375: Ms Y complained the Council has not completed a satisfactory review of the suitability of a care home to meet her father's care needs. She said this meant she was left with uncertainty about whether the family should be required to pay a top-up fee for his current care home. The Ombudsman was satisfied with the way the Council carried out the review and did not uphold the complaint.

Education & Children's: Upheld

20 006 738: Miss X complained that the Council responded inappropriately on learning she had made an allegation to police about a former partner. She says the Council's handling of her complaints was inadequate and that the Council has placed demands on her that affect her ability to find future employment. The Ombudsman found that the Council was at fault. The Council agreed to hold a fresh investigation into Miss X's complaints and to provide a financial remedy for the delay and for Miss X's time and trouble.

Education & Children's: Not upheld

19 018 548: The complainant Mrs C said the Council was at fault in its decision to refuse her son free transport to school. The complainant said this has led to stress for the family, as she felt she was taking a risk taking him to school herself. The Ombudsman said it does not decide whether the Council should provide transport for Mrs C's son as this is the Council's job. The Ombudsman said it would check the Council made its decision properly, and could not question Council decisions made without fault, no matter how strongly Mrs C disagreed. The Ombudsman concluded that it found no evidence of fault with the Council's decision to refuse Mrs C's son free school transport.

Highways & Transport: Upheld

19 016 004: Mrs C complained the Council failed to consider or include a grassed communal area when introducing a parking permit scheme and refused to quickly amend the scheme or put in place posts to prevent vehicle access. Mrs C said some residents were parking on the grassed area to avoid buying a parking permit and damaging it which was unfair to residents who bought a permit. The Ombudsman has found some fault in the provision of incorrect information to Mrs C about whether the grassed area was included

in the permit scheme but noted that the Council quickly provided the correct information. The Ombudsman upheld the complaint because of this fault but did not consider this caused Mrs C an injustice requiring a remedy.

Highways & Transport: Not upheld

20 010 406: Ms X complained about the Council's refusal to force Heavy Goods Vehicles to use a by-pass instead of the road where she lives. The Ombudsman decided not to investigate this complaint. The Ombudsman said that Council is the highway authority, and it must decide what traffic management measures to introduce. The Ombudsman said it could not question whether a council's decision is right or wrong just because the complainant disagrees with it. The Ombudsman was satisfied that the Council properly considered Ms X's request but was not obliged to act on it.

AUDIT & GOVERNANCE COMMITTEE

20 September 2021

Internal Audit Progress Report – Quarter 1 (01/04/21 – 30/06/21)

SUMMARY AND PURPOSE:

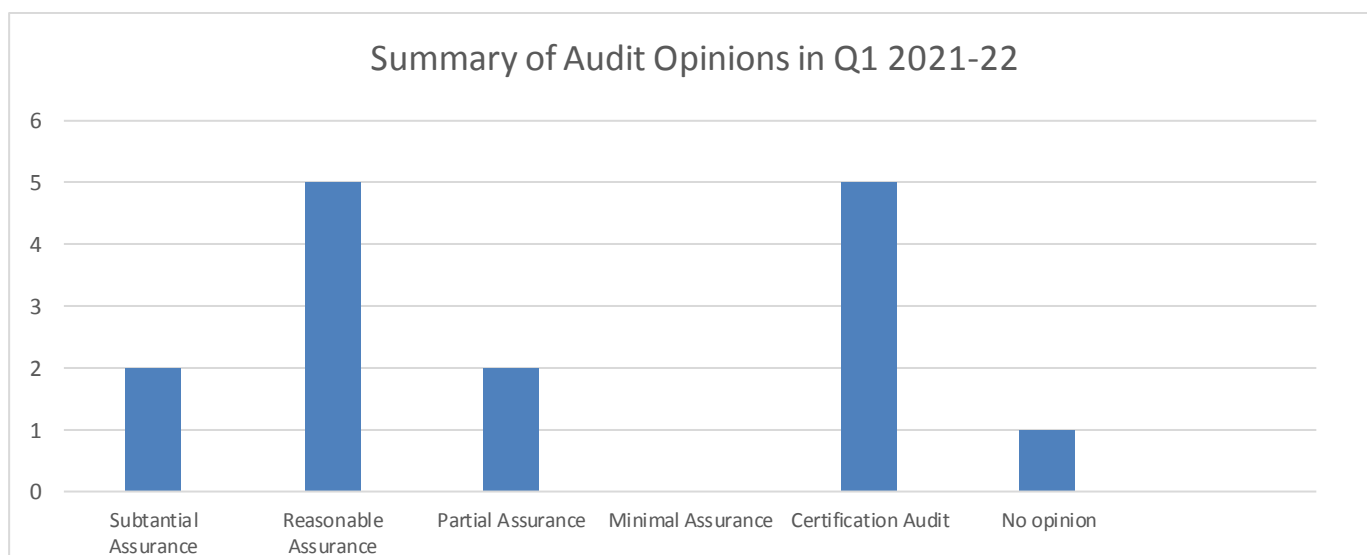
1. The purpose of this progress report is to inform members of the work completed by Internal Audit between 1 April 2021 and 30 June 2021.
2. The current annual plan for Internal Audit is contained within the Internal Audit Strategy and Annual Plan 2020-21, which was approved by Audit and Governance Committee on 23 March 2021.

RECOMMENDATIONS:

3. The Committee is asked to note the report and consider any further action required in their response to issues raised.

BACKGROUND:

4. Key audit findings from final reports issued during Quarter 1 are summarised in Appendix A.
5. Reviews completed in this quarter included a mixture of planned and unplanned audits, grant certification work, and irregularity work. Overall, of the 10 formal audits finalised during the quarter (excluding grant and irregularities), 2 received 'substantial assurance', 5 received 'reasonable assurance', 2 received 'partial assurance' and 1 was a position statement which did not have an opinion given. Non opinion activities tend to relate to advisory type work where Internal Audit provides input and support to development initiatives or projects and programmes as they are progressing.



6. Formal follow up reviews continue to be carried out for all audits where 'minimal assurance' opinions have been given, and for higher risk areas receiving 'partial assurance'. One follow-up audit was completed in quarter one, in relation to Pension Administration of the Surrey Fire and Rescue Pension Scheme. Whilst we were able to raise the level of assurance from Minimal to Partial Assurance, a number of actions have been agreed with management to further improve the control environment.
7. Members will recall that flexibility was built into the audit plan to allow resources to be directed to any new and emerging risks. We continue to liaise with departments to identify emergings risks as business-as-usual continues to be restored.
8. Appendix A to the report also provides details of counter fraud investigations completed, information on the tracking of high priority actions and progress against our performance targets.

IMPLICATIONS:

9. There are no direct implications (relating to finance, equalities, risk management or value for money) arising from this report.

WHAT HAPPENS NEXT:

11. See Recommendations above.

REPORT AUTHOR: Russell Banks, Orbis Chief Internal Auditor
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 telephone: 07768 235586 e-mail: david.john@surreycc.gov.uk

Sources/background papers: Internal Audit Strategy and Annual Audit Plan 2021/22.

Internal Audit and Counter Fraud Quarter 1 Progress Report 2021/22

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1. Summary of Completed Audits
2. Counter Fraud and Investigation Activities
3. Action Tracking
4. Amendments to the Audit Plan
5. Internal Audit Performance

1. Summary of Completed Audits

Surrey Fire & Rescue Service Pension Administration Follow-Up (2020/21)

- 8
- 1.1 Surrey County Council is the Fire Authority for the Surrey Fire and Rescue Service (SFRS) and has overall responsibility for the county's fire and rescue service provision. In addition to this, the council has responsibility for the administration and management of the Surrey Fire Pension Scheme (FPS).
 - 1.2 Our previous audit review of SFRS Pension Administration in 2019/20 highlighted thirteen actions for improvement, of which nine were rated high risk. These actions covered areas including; governance, procedures and process maps, data quality and system controls. The overall audit opinion was Minimal Assurance. This follow-up audit, undertaken to assess the extent of progress made in implementing agreed actions from the last full audit, started in early in the new year and reported in June 2021.
 - 1.3 Our review identified that only seven of the thirteen agreed actions from the previous review had been fully actioned. The remaining actions, implemented in part, continue to weaken the overall effectiveness of the control environment. Two of the previously agreed actions (relating to the team structure and identification and treatment of service overheads) had been superseded by the decision to contract out the fire pensions administration service.
 - 1.4 Two further agreed actions relating to the production of Service Level Agreements (SLAs) and procedural documents have been similarly superseded but we agreed a revised action with management combining these findings as, whilst the day-to-day administration of fire pensions is soon to be outsourced, there will still be an interim need to liaise effectively with teams remaining within the council.
 - 1.5 The previously agreed action detailing the requirement for a reconciliation of mandatory changes to the FPS had been partially implemented. Whilst the reconciliation has been completed, there were outstanding elements from this exercise, where six of the 58 mandatory amendments either hadn't been implemented or required further checking. Despite the imminent outsourcing there remains a need for reconciliation between administration systems and corporate finance systems, especially with the new ERP solution replacing SAP later in 2021.
 - 1.6 During the course of the audit, we identified two new risks which have been discussed with the newly appointed Scheme Manager. We agreed an action relating to allowances that had become newly pensionable following the ruling in the case of Norman v Cheshire (2011) and in regard to the second issue (access to the modified pension scheme for retained firefighters), the service awaits guidance from central government and the Local Government Association in regard to next steps.

- 1.7 In the light of our findings, we were able to upgrade the opinion given from Minimal Assurance to one of Partial Assurance, though the control environment continues to require improvement ahead of the service being outsourced. Further follow up work will therefore be undertaken by Internal Audit in due course, to ensure appropriate further strengthening of the control environment takes place.

Adult Social Care Placements (2020/21)

- 1.9 The Joint Central Placements Team (JCPT) was established in Adult Social Care (ASC) in April 2020 in response to the COVID-19 pandemic to facilitate a faster hospital discharge process across the county.
- 1.10 Previously, placements were processed through the Locality and Hospital Teams in Surrey. However, moving forward, the JCPT are now processing referrals primarily for all bedded care for older people in the county in order to work towards a more centralised placements team to ensure consistency and reduce the variation in placement costs between the localities.
- 1.11 The purpose of our audit was to provide assurance that key controls were in place to meet the following objectives:
- A robust governance structure was in place to support the transition into the new JCPT;
 - There was current guidance in place advising staff of key procedures;
 - All placements were processed through the JCPT; and
 - There was a clear end-to-end process that was operating as expected.
- 1.12 Since its establishment, the JCPT has responded quickly to policy changes to the discharge process from central government, primarily to manage hospital beds during the pandemic. Performance data showed that the JCPT were processing referrals in a timely manner, with 94% turned around within 2 hours from referral to bed allocation.
- 1.13 The service was currently adequately resourced by experienced officers to meet the requirements to primarily facilitate hospital discharges. Staff were familiar with the processes involved, but there was no formal up-to-date process guidance in place and for consistency, and in order to reduce ambiguity, we identified the need to update the roles and responsibilities on job specifications.
- 1.14 We confirmed that ASC funded placements had been appropriately authorised through Consistency Practice Meetings (CPM), but there was less certainty around Discharge to Assess (D2A) funded placements. While D2A funded placements made according to the guide rates from contracted providers did not require approval, authorisation arrangements for placements made outside of this framework, often at higher rates, were unclear.

- 1.15 From sample testing, we were able to provide assurance that care records were accurate and up to date on the social care systems, LAS and Wisdom. Feedback from managers showed that coordination between the locality and hospital teams and the JCPT was working well.
- 1.16 Our audit agreed 4 actions with management, including one high priority action around approval and authorisation controls for D2A funded placements, and, as a result, we were able to give an opinion of Reasonable Assurance over the control environment.

Fuel Card Data Analytics (20/21)

- 1.17 The council uses fuel cards, provided by Allstar, as a convenient method for purchasing fuel and car washes for vehicles and machinery owned or leased by the council. Fuel cards, like procurement cards, are a pre-approved system that enables employees to make payment at the point of sale and almost all of the council's fuel cards are assigned to a specific vehicle, rather than an individual.
- 1.18 The Payments Team in Business Operations administers the scheme and has produced a policy document setting down the rules and guidance for use. In addition, all officers who use council vehicles within Highways are issued with a 'Van Pack' - a set of documents containing guidance on all aspects of operating and maintaining the Highways fleet of vehicles
- 1.19 Our review formed part of our programme of data analytics work undertaken throughout 2020/21 in response to the COVID-19 pandemic. The purpose of the review was to identify possible areas of fraud, error, or non-compliance with the policy. We reviewed fuel card transactions for the period 1 April 2020 to 28 February 2021, comprising 2,550 purchases with a total value of £127,727.
- 1.20 We identified a small number of apparently anomalous transactions, for reasons including:
- A different fuel type was purchased from that associated with the vehicle holding the card;
 - Fuel cards being used on the same day or in a short period, with no supporting readings;
 - Fuel purchases where the vehicle registration was either not recorded or for another vehicle;
 - Vehicle registrations either apparently being made up (e.g., '123') or not given;
 - Incorrect odometer readings being recorded;
 - Purchases of premium fuel (rather than standard unleaded); and
 - Fuel purchases made were significantly outside of Surrey's borders.
- 1.21 Due to the low number of anomalies and subsequent assurance received from service management to the queries raised in respect of the findings above, we were able to report an opinion of Reasonable Assurance in this area. We agreed an action with the Finance & Purchasing Operations Manager to review, update and re-publish the corporate policy by the end of August 2021 to make small improvements to the current guidance and communicate it to staff.

COVID-19 System Changes (20/21)

- 1.22 At the start of lockdown in 2020, we provided advice to various services who made changes to their control environment in response to COVID-19. This advice has previously been reported to Audit and Governance Committee through our quarterly progress updates.
- 1.23 In late 2020, as the council moved away from 'crisis response' mode and settled into maintaining new ways of working, we followed up on each of these changes to determine whether the processes and controls in place were adequate to manage risks in the medium-long term.
- 1.24 We obtained updates regarding a wide range of council activities, from those directly related to pandemic-control measures (such as the purchase of PPE and redeployment of staff) to more business-as-usual processes such as procurement and recruitment.
- 1.25 In many instances, the 'temporary' arrangements remain in place until officers return to offices, the date for which is still undetermined and may vary across services. For each of the areas reviewed, we either reconfirmed the advice given when the new processes were implemented, or we have recommended further measures to strengthen controls moving forward. We have not identified any new or emerging risks where mitigation action is not in place.
- 1.26 In a number of cases, in particular in relation to IT, planned audits have been completed that include consideration of process changes, including reviews of Cloud Computing, Cyber Security, and IT Asset Management. Reports from these audits include agreed actions, where necessary, to address any weaknesses in management arrangements and were summarised to this committee as part of our quarterly reporting cycle.
- 1.27 Our audit did not result in an overall opinion being given but instead we reported our findings to service management through a series of emailed position statements and updates.

Procure to Pay (20/21)

- 1.28 Procure to Pay (P2P) is the end-to-end process from procurement of services to the payment of the supplier. The central Accounts Payable (AP) team is responsible for the processing of payments using the AP system, which is a sub-module of SAP. In the period of our review, 83,532 purchase order invoice payments were raised with a value of £421,723,186. This audit was part of the agreed 2020/21 audit plan, the completion of which had been delayed with the effects of the pandemic.
- 1.29 The purpose of our audit was to provide assurance that controls were in place to meet the following key control objectives:
- Orders were raised for goods, works and services for bona fide services in accordance with standard financial procedures and the needs of the council;

- All payments (including non-order invoices, cheque requisitions and urgent payments where appropriate) were subject to review and approval to ensure payments are valid and goods, works or services had been received and are correctly processed;
- Payment runs were subject to appropriate review and authorisation; and
- Only creditors that meet the needs of the council and that do not already exist in the creditors system were set-up, and that all creditors' details were maintained accurately.

- 1.30 We identified that the process for raising and approving purchase orders had appropriate authorisation based on procurement guidance and the council's scheme of delegation. Invoice payments made by the council were subject to relevant checks for accuracy and were found to have been processed in a timely manner.
- 1.31 The administration of pay-runs included sufficient checks to identify and correct errors prior to the payment file being passed for payment. In addition, we noted that there was a clear segregation of duties between the Payments team, who prepared the payment file, and the Income team who processed payments.
- 1.32 Key controls within the pay run process were operating in compliance with stated procedures, and suitable processes were found to be in place to obtain and record appropriate authorisations prior to payments being made. The creation and amendment of vendors in SAP was well controlled, and adequate separation of duties and necessary checks were undertaken on vendors to confirm authenticity.
- 1.33 However, whilst the AP team followed the process of confirming changes to vendor bank details, notes on SAP did not always thoroughly record sufficient detail to show that effective independent validation had taken place to reduce the risk of bank mandate fraud.
- 1.34 Overall, we have been able to give this key financial system a Substantial Assurance opinion, agreeing one medium priority action with management in relation to bank detail change control.

Accounts Receivable (20/21)

- 1.35 Order to Cash is a key financial system ensuring the proper management and control of sundry debtors, including the recovery and write-off of outstanding amounts due. In the period covered by our review, a total of 50,863 "non-care debt" invoices were raised with a total value of £433,063,403. This audit was part of the agreed 2020/21 audit plan, the completion of which had been delayed with the effects of the pandemic.
- 1.36 The purpose of the audit was to provide assurance that key controls were in place to meet the following objectives:
- All income generating activities were identified and accurately raised to customers;
 - A customer account maintenance process was in place and operating effectively;

- Amendments to invoices were correct and authorised;
- Collection and debt recovery were managed efficiently and effectively;
- Write-offs were processed accurately and correctly authorised;
- Payments were received and promptly recorded against the correct debtor account;
- Regular reconciliations between the debtor system and the SAP were undertaken; and
- Debt recovery performance was monitored and reported.

- 1.37 As part of our work, assurance was obtained that the process to raise debts and administer customer accounts was operating as expected with sufficient controls in place. A monthly debt report, circulated to key senior officers across the council, included an overview of all debt and a detailed analysis of debt levels, which provided assurance that performance information is being monitored and reported.
- 1.38 The council manages the recovery of debts via a dunning process. A review of a sample of current debt provided assurance that attempts to recover debts via the dunning process was taking place as expected. The council has a policy in place to write-off debts which have been deemed as being unrecoverable and a review of a sample of such debt provided assurance that subsequent write-offs were compliant with expected processes.
- 1.39 Based on sample testing, we were also able to provide assurance that the reconciliation of debtor balances to general ledger codes is taking place, and a review of the income suspense account provided assurance that unmatched income was identified and allocated to the correct customer accounts in a timely manner.
- 1.40 Overall, we were able to provide Substantial Assurance over the control environment for this system, with no actions required for management.

Local Government Pension Scheme (LGPS) Pension Administration

- 1.41 Orbis Pension Administration has faced a number of challenges which led to the service facing a disproportionate level of administration costs, increased emphasis on governance, service delivery failings and a legacy of the non-standardisation of service standards. This culminated in a Minimal Assurance opinion in our last full audit.
- 1.42 These challenges resulted in the decision, in June 2020, to dissolve the partnership between Surrey and East Sussex Councils in delivering pension administration. Surrey's pension administration has now moved under the management of the Surrey Pension Fund in Finance and a Turnaround Programme has been established in order to reorganise the team to serve the sovereign Surrey fund. Whilst sound progress has been made in addressing some of the fundamental weaknesses, it is clear that there remain underlying weaknesses in culture, process and technology that are being addressed through organisational re-design.

1.43 In addition to this change, the service is currently reporting non-conformance with target performance levels for a number of key administrative procedures, including the processing of transfers in and out of the Fund. This non-compliance was confirmed through the sampling of member records within our audit.

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1.44 Key findings from our review were:

- We identified that not all individuals had received their statutory notification of scheme membership;
- Information provided to the Pension Board does not include trend analysis, which may impact upon the ability to effectively assess and challenge service performance;
- Membership of, and attendance at, the Pension Board had been inconsistent and with significant gaps between meetings PAS may not be subject to the level and depth of scrutiny expected as the service goes through this 'turnaround' period. We acknowledge that early steps have been taken to address this, with amendments to the quorate number and an additional member appointed as an independent Chairman;
- Areas of concern remained where gaps in data held in the service had the potential to impact upon the accuracy of pension payments calculated and paid;
- We identified letters from the AVC provider containing the names and payments of multiple scheme members which created a risk that information could be shared inappropriately, leading to possible data breaches, financial penalty and/or reputational loss;
- The PAS issued all but two of the annual benefit statements for year ending March 2020 within the deadline, but some of these contained errors in the data; and
- Generic system user accounts had been set-up which were not assigned to a specific individual. The use of generic accounts threatens the integrity of data held within the system and also hinders the ability to trace responsible individuals should the need arise.

1.45 We recognise that a series of internal process reviews are underway to help achieve improvements in control. Efforts have also been made to produce procedural documents for administrative processes and key policy documents have also been reviewed, updated and approved at Committee level since our previous review. We also note the improvements made to the complaints process in that complaints are now logged through the corporate complaints system and reported annually to the Audit and Governance Committee.

1.46 Based on the above findings, we have only been able to provide a Partial Assurance opinion, albeit this is an improvement on the Minimal Assurance opinion issued the year before. We will continue to work with the service to further strengthen the control environment within pensions administration in the current financial year. The 2021/22 audit of pensions administration will comprise 90 days of audit work, with specific targeted reviews taking place between quarters 2 and 4, including following up on the agreed actions from this latest audit. The results of this work will be reported to Audit and Governance Committee in due course.

Payroll (20/21)

- 1.47 As a key financial system and the council's largest single operational cost, the Payroll system is audited annually. The purpose of the audit was to provide assurance that key controls were in place to meet the following control objectives:
- Starters were properly approved, and pay was calculated and paid from the correct date;
 - Leavers were removed from the Payroll in a timely manner and paid to the correct date;
 - Permanent variations to pay were approved, calculated, and paid from the correct date;
 - Pay-runs and BACS transmissions were correct and authorised;
 - Payroll data was regularly reconciled to the general ledger;
 - Temporary payments (including additional hours, expense claims and payment to casual staff) were correctly authorised prior to processing; and
 - Changes to system data were reviewed, input accurately and authorised.
- 1.48 Based on the work carried out, we can confirm that key controls were operating as expected within the system, principally:
- Testing on the new-starter process (an interface between the hiring management system, Tribepad, and the payroll system) provided assurance that the process operated as expected;
 - There was a clear separation of duties between the hiring officer and officers responsible for setting up payroll records;
 - A review of monthly processes found that the payroll was actioned in line with set deadlines, with a clear separation of duties in place between administration of the payroll file and processing of the subsequent BACS payment;
 - A review of a sample of payroll exception reports, along with a review of recent pay adjustments, provided assurance that any adjustments to pay were subject to review and appropriate authorisation;
 - The SAP payroll solution used by the authority was configured to take account of any adjustments to tax rates and other central government charges. The service had implemented a 'robot' to administer certain payments to third parties, such as HMRC, which was also operating as expected.
- 1.49 However, some areas for further improvement in control were identified, for which appropriate actions were agreed with management. These related to a single instance of an input error that had resulted in an overpayment to an employee, and payroll suspense accounts that still included historic balances relating to previous years, though not of significant financial value. We also identified examples of significant delay in leaver forms for bank staff being submitted by service managers.
- 1.50 A review of the implementation of agreed actions from our 2019-20 audit identified that work towards addressing some low-risk control weaknesses (principally the drafting of system procedure notes and work instructions) had been deferred until the new ERP system is

introduced later in 2020. Given the low staff turnover in year, this seems a reasonable decision with the new system imminent, and our next audit will review the position again.

- 1.51 As a result of our audit, we were able to give Reasonable Assurance over the control environment, agreeing three actions (two medium priority, one low priority) with management to secure improvements.

Children's Services Data Integrity (20/21)

- 1.52 It is important for organisations to maintain the accuracy and completeness of data over its entire life cycle. In addition to data assisting in the decision-making process, the integrity of the data held by services is pivotal for benchmarking to ensure insightful reporting for value for money and wider management purposes.
- 1.53 The scope of our audit focused on the arrangements for the collection and interpretation of key data within Children, Families and Lifelong Learning (CFL) that was used for planning and modelling of future service provision and resourcing. Specifically, we sought to provide assurance that key controls were in place to meet the following objectives:
- Clear roles and responsibilities were in place to ensure the accountability for data quality;
 - Processes and procedures were in place to ensure the accuracy and reliability of data provided to management to inform decision-making;
 - Robust systems were in place to allow for the accurate capture and collection of data; and
 - Effective training was available to individuals to assist in managing the integrity of data held.
- 1.54 We identified that CFL has data owners who were responsible for the quality of data used within service systems. There was training that covered the importance of data quality and, for some teams, there were data officers who were the first point of contact for any data queries.
- 1.55 There were appropriate processes in place to produce accurate management reports/dashboards (using the tool Tableau). Procedures were also in place to ensure that reports were accurate and tested before being published and used to inform decisions. Reports were being produced directly from EMS for the team's own performance management needs.
- 1.56 Our review confirmed that there were robust training procedures and support available to ensure all users were using the systems effectively. All new users were subject to induction training although in some cases, instead of formal training there had been 'peer to peer' training as a knowledge transfer process, which could potentially lead to inconsistent practices being passed between members of staff.
- 1.57 Systems were found to be in place to accurately capture data, with an embedded quality control process. However, within some services there were no systematic quality control reviews when cases were being transferred and/or when data was being input on behalf of someone else.

- 1.58 Our review identified that whilst the majority of the service had officers responsible for data ownership, some teams had no clear owner of data, and no one was overseeing the quality of data within the system. We have agreed actions to address this issue.
- 1.59 Overall, we were able to give an opinion of Reasonable Assurance following this review, and agreed three actions (one medium priority, two low priority) with management to secure an improvement to the current procedures.

IT Asset Management During COVID-19

- 1.60 The COVID pandemic placed significant demands on authorities to provide IT assets to enable staff to work remotely. In many cases, these staff were office-based prior to the pandemic, so IT departments have had to respond by providing mobile devices (laptops and mobile phones) as well as other peripheral items such as monitors and mice, whilst supporting Display Screen Equipment (DSE) requirements.
- 1.61 The objective of our audit was to provide assurance that key controls were in place and operating as expected to support effective ICT asset management during remote working arrangements, specifically that:
- Governance arrangements were in place for the procurement of hardware assets;
 - There were recording and monitoring arrangements in place for all IT hardware assets, including those held away from an officer's main place of work;
 - IT assets were recovered in a timely manner when no longer required, with records of any transfers being maintained; and
 - Appropriate security arrangements were in place for the storage of hardware assets.
- 1.62 Our audit identified that the council had effective controls in place for the procurement of hardware assets through its XMA project. The council had robust controls for the recording and monitoring of hardware assets, including laptops, iPhones, and IT Peripherals. Assets that were rolled-out as part of the pandemic response were found to be routinely cross-checked and recorded onto the council's IT asset register.
- 1.63 There were sufficient security arrangements in place for the storage of hardware assets. Large amounts of asset stock had been relocated to secure storage at different sites across the county for easier accessibility and distribution. We confirmed that only authorised officers had access to these asset stores.
- 1.64 Under these new working arrangements, monitoring of asset ownership by IT&D engineers had been paused. While evidence of 'spot-checks' on ownership was provided to us, the lack of regular monitoring reduced the possibility for management to have sufficient understanding regarding the location of all assets.

- 1.65 We were able to give Reasonable Assurance over the control environment in place and agreed one medium priority action with management to address the weaknesses identified above.

Other Audit Activity

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- 1.66 Advice and support continues to be provided to the Your Fund Surrey team, where up to £100m in grants will be awarded to local communities over the next five years to spend on projects that improve the local area. The application process has been reviewed to ensure that the information and evidence captured at application is sufficient, and that the terms and declaration allow for anti-fraud background checks to be conducted where necessary. The Counter Fraud Team will continue to work with the service to identify and robustly investigate any suspicious applications.

Grant Claim Certification

- 1.67 During quarter one, the following grant claims have been successfully certified by Internal Audit in accordance with Government and/or EU grant requirements:
- Home to School Transport Additional Funding grant (COVID-19) - £3.9m;
 - Travel Demand Management grant (COVID-19) - £682k;
 - Troubled Families grant (latest cohort) - £98k;
 - Public Health PrEP (HIV) grant - £155k received, £30k spent in year;
 - Interreg (EU) Digi-Tourism grant stage 1, semester 6 - €25k (circa £22k).

2. Counter Fraud and Investigation Activities

- 2.1 Internal Audit deliver both reactive and proactive counter fraud services across the Orbis partnership. Work to date has focused on the following areas:

National Fraud Initiative (NFI) Exercise

- 2.2 The results from the latest National Fraud Initiative were received on 31 January 2021. Internal Audit has continued to liaise with council services to ensure that matches are reviewed and processed. To date, attention has focused on concessionary passes: 7,260 pass holders have been identified as deceased, and the passes cancelled. A further 621 cases are being reviewed.

Counter Fraud Policies

- 2.3 Each Orbis partner has in place a Counter Fraud Strategy that sets out their commitment to preventing, detecting and deterring fraud. The current Counter Fraud Strategy was approved by Audit and Governance Committee on 22 May 2020. Internal Audit are currently reviewing and

updating the individual sovereign strategies for each Orbis partner, which will be presented to Audit Committee in September.

Fraud Risk Assessments

- 2.4 Fraud risk assessments are regularly reviewed to ensure that the current fraud threat for the council has been considered and appropriate mitigating actions identified. We have updated the risk assessment to include new and emerging threats arising as a result of the COVID-19 pandemic. This includes potential threats to payroll, staff frauds relating to home working and cyber-crime.

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Fraud Response Plans

- 2.5 The Fraud Response Plans take into consideration the results of the fraud risk assessments and emerging trends across the public sector in order to provide a proactive counter fraud programme.

Fraud Awareness

- 2.6 Internal Audit has worked with the Blue Badge Team Manager to deliver fraud awareness training, and to develop a Misuse Response Plan to enable the team to respond in the most appropriate way to any allegations of fraud or misuse. In addition, we continue to monitor intelligence community alerts and the latest fraud bulletin is on the council's intranet.

Reactive Counter Fraud Work - Summary of Completed Investigations

Safeguarding Concern

- 2.7 Internal Audit provided Adult Social Care with advice and support in writing a witness statement in respect of a safeguarding concern that has been reported to the police.

3. Action Tracking

- 3.1 All high priority actions agreed with management as part of individual audit reviews are subject to action tracking. All high-priority actions due to be implemented by management by the end of quarter two had at least been partially implemented.
- 3.2 High priority actions relating to the past audit of Surveillance Cameras remain a work in progress in terms of their implementation, with revised dates for this agreed with management. Our follow-up audit of this Partial Assurance audit is scheduled for quarter three and we will report our findings to this committee in due course.

- 3.3 We are currently engaged in follow-up audits of Local Enterprise Partnerships, and of the Officer Code of Conduct, both previously Partial Assurance audits. Once these audits are completed, we will report the outcome to this Committee as part of our quarterly progress reporting cycle.

4. Amendments to the Audit Plan

- 4.1 In accordance with proper professional practice, the Internal Audit plan for the year was kept under regular review to ensure that the service continued to focus its resources in the highest priority areas based on an assessment of risk. Through discussions with management, the following reviews were added to the original audit plan during the year:

Planned Audit	Rationale for Addition
Land & Property project governance arrangements	This audit is to review the governance arrangements in place for a particular capital project being managed within Land & Property to provide assurance over the arrangements in place for managing potential conflicts of interest.
Department for Work and Pensions (DWP) Searchlight system	The DWP has written to local authorities for support in addressing an upward trend in the number of suspected data breaches involving inappropriate access by council staff to Searchlight system. This system contains sensitive personal customer data for the DWP and HMRC.

- 4.2 All of the new additions to the plan have been resourced through available contingencies.
- 4.3 Changes to the plan have been made on the basis of risk prioritisation and/or as a result of developments within the service areas concerned requiring a rescheduling of audits. In this regard there has been one audit cancelled from the plan, with the Government delaying the certification requirement for their COVID-19 Test and Trace grant until financial year 2022/23.

5. Internal Audit Performance

- 5.1 In addition to the annual assessment of internal audit effectiveness against Public Sector Internal Audit Standards (PSIAS), the performance of the service is monitored on an ongoing basis against a set up agreed key performance indicators as set out in the following table:

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
Quality	Annual Audit Plan agreed by Audit Committee	By end April	G	Approved by Audit Committee on 23 March 2021
	Annual Audit Report and Opinion	By end July	G	2019/20 Annual Report and Opinion approved by Committee on 18 June 2021
	Customer Satisfaction Levels	90% satisfied	G	100% satisfaction for surveys received in the period
Productivity and Process Efficiency	Audit Plan – completion to draft report stage	90%	G	We have achieved delivery of 31.5% of the annual plan to draft report stage (pro-rata target 22.5%)
Compliance with Professional Standards	Public Sector Internal Audit Standards	Conforms	G	<p>January 2018 – External assessment by the South West Audit Partnership gave an opinion of ‘Generally Conforms’ – the highest of three possible rankings</p> <p>July 2021 - Internal Self-Assessment completed, no major areas of non-compliance with PSIAS identified.</p> <p>June 2021 - Internal Quality Review completed, no major areas of non-compliance with our own processes identified.</p>
	Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act	Conforms	G	No evidence of non-compliance identified
Outcome and degree of influence	Implementation of management actions agreed in response to audit findings	95% for high priority agreed actions	G	100%

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
Our staff	Professionally Qualified/Accredited	80%	G	91% ¹

¹ Includes staff who are part-qualified and those in professional training

Audit Opinions and Definitions

Opinion	Definition
Substantial Assurance	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Reasonable Assurance	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Partial Assurance	There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.
Minimal Assurance	Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.

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Audit & Governance Committee
September 2021

Risk Management

Purpose of the report:

To provide the Committee with an update of the strategic (Corporate) risks across the organisation.

To seek approval of the Risk Management Strategy.

Recommendations:

It is recommended that:

1. Members review and note the strategic risks
2. Members approve the Risk Management Strategy
3. Members agree that the next risk session will include a deep dive on one of the current top corporate risks

Introduction:

1. A risk paper was circulated on 29th July 2021 providing the Audit & Governance Committee (AGC) with the current strategic risks of the Council. The intention moving forward is that the Committee will receive the current strategic risks at every future AGC.
2. The July paper also stated that a *Risk Management Strategy* would be presented for approval, enclosed. This is a further step at having a standardised risk management approach and a more effective risk ecosystem.

Strategic Risks

3. Enclosed is the *Corporate Risk Heat Map* showing the current strategic risks of the Council. This was reviewed by CLT in August. Based on the current situation there is 1 change for this period:

ST.26	There is a risk that Surrey is not selected to be a pilot for the County Deal by government
NEW	meaning a loss of flexibility in the way we operate (and reputational damage)

Apart from the above risk there have been no other changes in terms of either risks being added/removed or the overall scoring of the risk.

4. The *Corporate Risk Heat Map* will now be provided at every future AGC to inform the Committee of the current strategic risks. The more detailed *Corporate Risk Register* will be provided twice per year.

The Risk Management Strategy

5. The *Risk Management Strategy* provides the framework for how risk management is undertaken in the Council. It is an important document, including from a governance perspective, showing how risk management supports the successful delivery of the Council's objectives. The document is very similar to the risk strategies adopted by many other councils and has a focus on the key components of 'identify, assess, treat, monitor and report.'
6. The *Risk Management Strategy* is intended to act as a useful guide both for those within the Council who are looking at support in understanding the steps to managing risks, but also to partners who would like to understand how risk management operates within Surrey County Council.
7. It is important that the strategy is not overtly prescriptive, cumbersome or technical. Rather, to be effective the Strategy should be 'user friendly' and easy to read so that it encourages the application of risk management by setting out the key principles, processes and benefits.
8. It is recommended that the risk strategy is reviewed and approved by AGC every year.

To help embed the risk management strategy, a number of 1-2-1 risk discussions are taking place with the Risk Manager. This is to ensure there is a clear understanding of the risk processes, risk register and for staff to have a better appreciation on how risk management can be useful within their area. Currently the work is focused in helping to develop Directorate Risk Registers involving the Head of each Directorate and their Direct reports.

Next Steps

9. It is intended that the structure of future risk sessions for the AGC's will be focused on 2 parts, namely:
 - 9.1 to provide an update on the current strategic risks (the *Corporate Risk Heat Map*)
 - 9.2 a 'deep dive' on a specific corporate risk
10. The 'deep dive' will give an opportunity for the Committee to hear first-hand - and get a wider appreciation – about a specific risk. The corporate risk will be presented by one of the Councils Lead Officers and give the Committee an opportunity to ask further questions.
11. The proposal is to select the deep-dives in order of priority i.e. starting with the top risks first. Hence the next AGC will have a presentation on:
“ There is a risk of a deliberate and / or targeted cyber attack compromising IT systems and critical IT infrastructure ”

NOTE : If the AGC would like other risks to be selected (in a different order) then this can be arranged.

Conclusions:

12. The work in this area reflects a further improvement in risk management competency and a strengthening of the overall governance. The Council has an up-to-date set of strategic risks that are regularly reviewed both at CLT and AGC. Moreover, there is a risk strategy that details the risk management framework used by the Council.

Financial and value for money implications

13. Improved decision making through risk management supports better allocation of resources and value for money.

Risk Management Implications

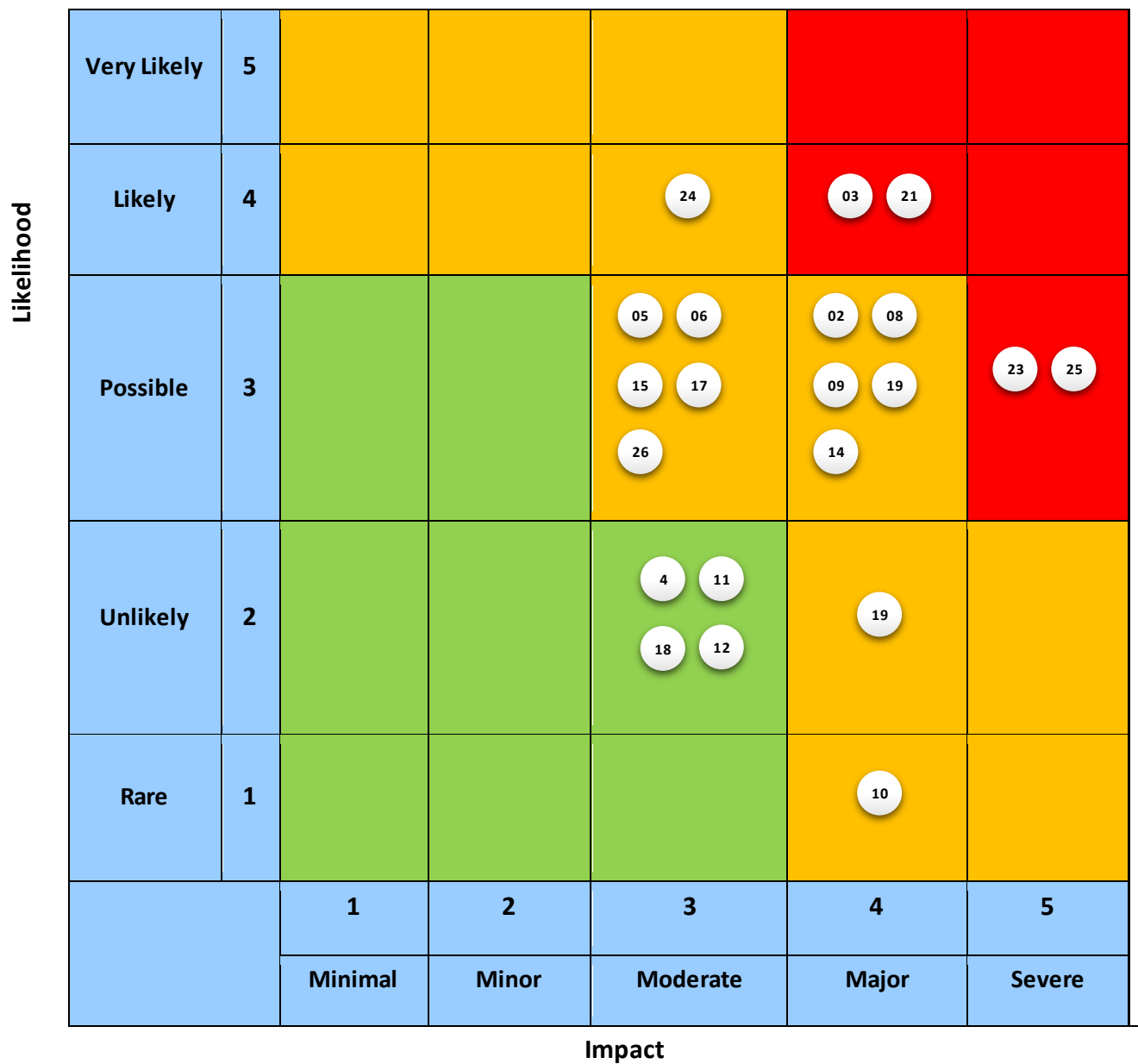
14. Failure to implement effective risk management will reduce the quality of decision making within the Council. Moreover, the AGC will not be able to demonstrate that it is discharging its governance responsibility of having active risk management within the organisation.

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Corporate Risk Heat Map

August 2021



Strategic Risk	Risk Lead	Risk with current mitigation controls in place		
		Likelihood	Impact	Overall Score
ST.03 There is a risk of a deliberate and / or targeted cyber attack compromising IT systems and critical IT infrastructure	LW	4	4	16
ST.21 There is a risk that the Dedicated School Grant, which is currently running at a deficit, does not begin to return an in year surplus within the period of the MTFS and therefore does not return the DSG to balance with reasonable timescale	RW	4	4	16
ST.23 There is a risk of a resurgence of Covid (variant) which leads to a major health crisis in Surrey	RC	3	5	15
ST25 There is a risk that a dispute with the waste management contractor SUEZ could lead to a potential early termination of contract and/or financial compensation payable by SCC	KS	3	5	15
ST.08 There is a risk that SCC will be unable to meet an increasing level of demand for child and family services expected by the community over the medium term	RW	3	4	12
ST.22 There is a risk that SCC will be unable to meet an increasing level of demand for adult services including spending pressures arising from NHS activity.	SW	3	4	12
ST.14 There is a risk that we do not deliver sufficiently good quality children's care services to the residents of Surrey as reflected in an OFSTED inspection	RW	3	4	12
ST.02 There is a risk of a significant gap between the medium term financial plan (2021/22 - 2025/26) and actual expenditure leading to a need to reduce level and quality of services provided	LW	3	4	12
ST.09 There is risk that we will not achieve the intended outcomes of our transformation programme in the planned timeframe	MS	3	4	12
ST.24 There is risk that there could be higher costs in operating a fire service if moved to the Police and Crime Commission (PCC) which SCC might have to help subsidise, or the overall fire service capabilities could be diminished from a move to the PPC	LW	4	3	12
ST.26 NEW There is a risk that Surrey is not selected to be a pilot for the County Deal by government meaning a loss of flexibility in the way we operate (and reputational damage)	MC	3	3	9
ST.05 There is a risk that some SSC staff will experience a significant decline in their health and / or wellbeing <i>e.g. isolation from home working, social distancing</i>	JF	3	3	9
ST.17 There is a risk that SCC will not implement sufficient measures to deliver carbon emissions reductions and be carbon net zero as an organisation by 2030	KS	3	3	9
ST.15 There is a risk of increasing duration, frequency and effects of various severe weather events leading to substantial loss of service around the network	KS	3	3	9
ST.06 There is a risk that a supplier or a commissioned service is unable to continue to provide a service, or that they fail to do so to the required level or quality standards	LW	3	3	9
ST.19 There is a risk of failure to comply with H&S statutory duties (or managers/individuals failing to comply with H&S responsibilities and processes) could lead to serious harm, loss of life and corporate liability	JF	2	4	8

ST.04	There is a risk of a breach of the Data Protection Act from a loss/disclosure of personal data e.g. data is published into the public domain	LW	2	3	6
ST.18	There is a risk of failure to maintain key infrastructure or assets or deliver major infrastructure	KS	2	3	6
ST.12	There is a risk that SCC will not be able to recruit and retain sufficient numbers of skilled staff to manage and deliver quality services	JF	2	3	6
ST.11	There is a risk that the working partnerships we have with other organisations will not deliver the intended objectives	MC	2	3	6
ST.10	There is a risk that there is a serious breakdown in council governance which could result in external reporting/intervention	LW	1	4	4

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Risk Management Strategy

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1 Introduction

A risk is defined as an uncertain event which, should it occur, will influence the achievement of objectives. This Risk Management Strategy outlines the approach used by Surrey County Council in managing risk. A framework is detailed showing the process for undertaking risk identification, assessment, treatment, monitoring and reporting.

By operating a robust risk management process the following benefits can be derived :

- ▶ **Strengthen accountability** – through clear and robust risk governance including risk roles and responsibilities, risk ownership, risk monitoring, escalation of risks and oversight of the risk management process
- ▶ **Make best use of resources** – through relevant and proportionate treatment of risks, taking account of the level of risk
- ▶ **Build stakeholder trust** – by demonstrating that significant risks are consistently identified, assessed, managed, and monitored at the appropriate level across Surrey County Council
- ▶ **Avoid surprises** – providing a consistent approach to identify, understand, and assess risks
- ▶ **Give confidence** – that appropriate actions are being taken to manage risks in a timely manner
- ▶ **Make informed decisions** – with reliable information on risks

The aim of Surrey County Council is to continuously improve its approach to risk management, prompted by new ideas and best practice. In particular, this strategy has drawn on guidance from:

The Orange Book, Management of Risk: Principles and Concepts (*HM Government, 2020*)
 Fundamentals of Risk Management (*The Institute of Risk Management 2018*)
 Management of Risk: *Guide for Practitioners* (OGC, 2010)

This Risk Management Strategy will be reviewed annually by the Risk Manager and brought to the Audit and Governance Committee for review and approval.

2 Roles & Responsibilities

A number of key roles have been defined in supporting this risk management process :

Risk Owner: To manage any risks assigned and to provide up-to-date, accurate information about the risk

- *Work to develop suitable controls, actions and target completion dates*
- *Review risk including progress against plan, effectiveness of actions taken and any other factors that have impacted the risk*
- *Provide up-to date-risk information including any significant changes to risk levels and progress against treatment plans, to support timely and accurate risk reporting*

Directorate Lead / Service Lead: To coordinate the risk management process across their respective Directorate / Service

- *Manage the implementation of the risk management process across the Directorate or Service*
- *Monitor risk with Risk Owners and ensure the Directorate/Service risk register is updated*
- *Escalate or downgrade risks as appropriate*

Corporate Leadership Team: To support the effective implementation of risk management in the organisation

- *Promote a risk management culture*
- *Review the organisations top risks and ensure suitable mitigations are in place*

Audit & Governance Committee: To ensure that there are adequate risk management processes and activities taking place to protect the viability of the organisation

- *Approve the Risk Management Strategy*
- *Review the top risks for the organisation*
- *Consider recommendations for improvements to the overall management of risk*

Risk Manager: To ensure risk management is consistently applied across the Council

- *Manage the implementation of the Risk Management Strategy (and update as needed)*
- *Provide support and guidance on risk management to the organisation*
- *Maintain the Corporate Risk Register and ensure Directorate/Service risk registers are maintained*

3 Risk Management Approach

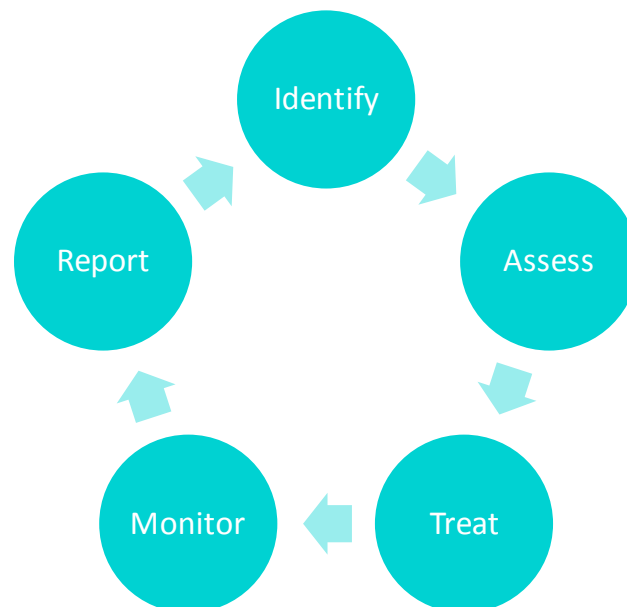
(i) The Risk Process

In order to manage risk, Surrey County Council needs to first know what risks it faces and then how best to deal with them. To achieve this, a risk process is used (as shown in Fig 1.) The process highlights each of the risk stages, namely: identify, assess, treat, monitor and report.

More information on the activities undertaken at each stage of the risk process are detailed in the forthcoming chapters of this document.

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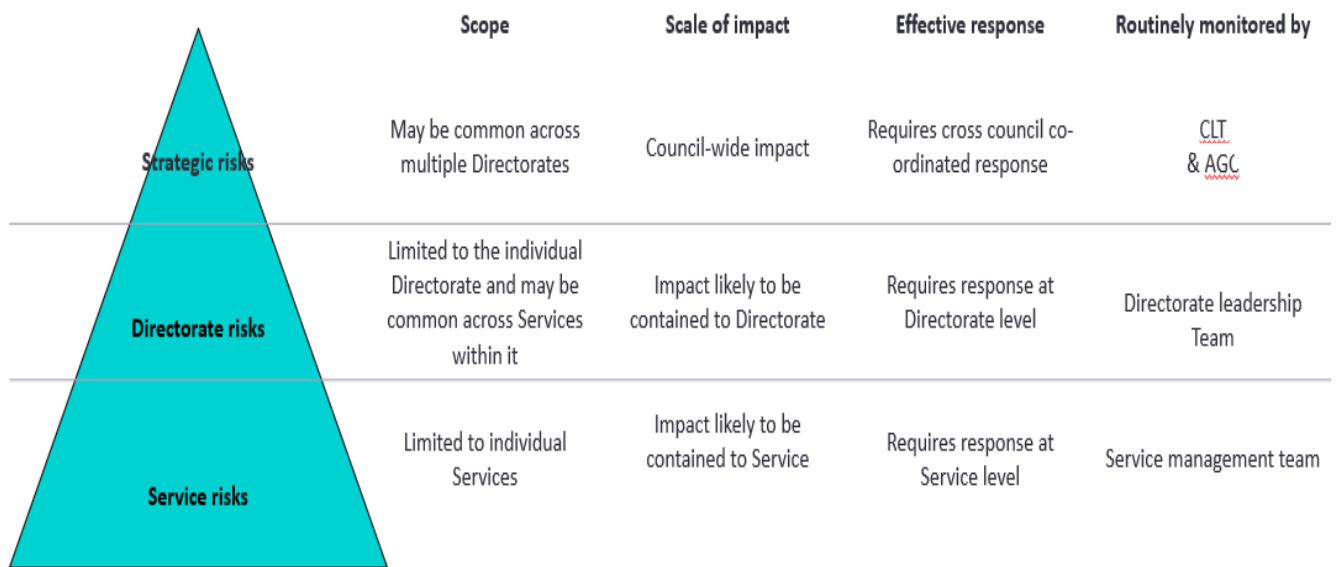
Fig 1 - The Risk Management Process



(ii) Risk Hierarchy

The primary method for prioritising risks in Surrey County Council is classifying the risk as either a **Strategic (Corporate)**, **Directorate** or **Service** level risk. Hence, this hierarchy informs the level in the organisation at which the risk is routinely managed and monitored.

Typically, the level of a risk will depend on the scope, scale of potential impact and nature of the response required to manage the risk. Examples of the types of attributes commonly associated with the 3 hierarchy levels are shown in Fig 2. Regardless of level assigned, any risk may be escalated for review or intervention if required (by the Risk Owner or via the Risk Manager).

Fig 2 – The Risk Hierarchy

Once the hierarchy is decided it is then possible to assign the risk to the correct risk register.

(iii) **Risk Registers**

Risk registers run alongside the risk management process and are used as the key tool to capture risk information in a structured and consistent way. The following risk registers are used within Surrey County Council:

Type of Risk	Risk Register Used	Owner of Risk Register
Strategic	Corporate Risk Register	Risk Manager
Directorate	Specific Risk Register for that Directorate	Head of Directorate
Service	Specific Risk Register for that Service	Head of Service

The format of the risk register used in Surrey County Council is shown in Annex A along with an explanation of the information required to populate. The focus of the risk register is to detail what the cause(s) and effect(s) of the risk are, the likelihood and impact, and the controls and mitigations. To help understand what risk information needs to be captured at each stage of the risk process a summary is shown at the end of each of the following Chapters - see '*Risk Register updated*'.

The frequency of reviewing and updating risk registers will depend on a number of factors such as the threat to the organisations objectives and the volatility of the risk i.e. the rate of change. It is recommended that risks are reviewed at least monthly (depending on the nature of the risk) **but as a minimum all risk should be reviewed at least quarterly.**

4 Risk Identification

Risk identification is the first step of the risk process journey. Risks can be identified in a number of ways - from a person spotting a risk while doing their job to a team during a workshop.

At this stage the intention is to describe the risk with a focus on :

The **risk event** – *a summary explaining what may or may not occur*

The **cause(s)** – *those factors that will lead to the risk event occurring*

The **effect(s) / consequence(s)** – *the likely impact on activities and outcomes if the risk event does occur*

By methodically working through the risk event and identifying the cause(s) and effect(s) it encourages a better understanding of the risk and a more structured definition of the risk. It is not always easy to describe risks, however the key point is that everyone understands what is meant by the risk and the description is sufficient to ensure an effective understanding of the risk moving forwards.

Some examples of causes of risk are:

- Failure to.....
- Loss of.....
- Insufficient.....
- Non-compliance with....
- Reduction in.....
- Conflict between.....
- Inability to.....
- Reliance on.....
- Disruption to.....
- Inadequate.....
- Increase in.....
- Delay in.....

The effects or consequences of risks can be numerous and some examples are :

- Service disruption
- Impaired performance
- Management distraction
- Breach of contract
- Fines and penalties
- Loss of assets
- Financial cost
- Damaged reputation
- Health and Safety failings

Risk Register Updated:

At the end of this step the risk register should be populated with the:

- *Risk Title (the risk event)*
- *Cause*
- *Effect*
- *An initial Risk Owner – the person best placed to manage the risk*
- *Unique ID (provided by the Risk Manager)*

5 Risk Assessment

Risk assessment categorises risks according to **likelihood** of occurrence and **impact** on the organisation using a scoring based system.

The **likelihood** is an estimate of the probability that the risk will occur. It takes into account any existing controls currently in place to help mitigate the risk from occurring. For example, applying the latest software patches to IT equipment is a control measure to reduce the chances of having computer viruses.

Shown below the likelihood is the current best assessment of the risk on a scale of 1-5.

Fig 3 - Likelihood criteria for risks

Level	Likelihood	Odds
1	Rare	<10%
2	Unlikely	10% to 29%
3	Possible	30% to 69%
4	Likely	70% to 90%
5	Very Likely	>90%

NOTE : It is important to understand that the goal is not to have the most accurate scoring but ensure that there is a prioritisation of risks. This allows for the allocation of resources focused on managing the most significant risks.

The **impact** is the negative effect that the risk could have on the organisation. Any existing controls to help manage the impact of the risk should be taken into account when undertaking the scoring assessment. For example, a business continuity plan would not change the likelihood of a risk occurring, but is designed to reduce the impact.

The scoring is on a scale of 1-5 and is the best assessment based on the known risk information. To aid scoring for the Risk Owner, an impact criteria matrix is used, as shown in Fig 4. The criteria are only a guide for the Risk Owner to get a better 'feel' for the risks relative impact and thereby providing a consistent level of evaluation and ranking of risk across the organisation. It is not intended to be an exhaustive list as there are a multitude of impact areas such as governance, environment etc.

Fig 4 - Impact criteria for risks

IMPACT					
Level	Impact	Financial (revenue)	Residents	Reputational	Performance
1	Minimal	<£100k	Minimal impact on a small proportion of the population	Has no negative impact on reputation and no media interest	Minimal impact on achievement of one or more SCC priority objectives
2	Minor	£100K to £1m	Minor impact on a small proportion of the population	Minor damages in a limited area. May have localised, low level negative impact on reputation and generates low level of complaints	Minor impact on achievement of one or more SCC priority objectives
3	Moderate	£1m-£2.5m	Moderate impact on a large (or particularly vulnerable group) proportion of the population	Moderate damages but widespread. Significant localised low level negative impact on the organisations reputation which generates limited complaints.	Moderate impact on achievement of one or more SCC priority objectives
4	Major	>£2.5m to £10m	Major impact on a large (or particularly vulnerable group) proportion of population	Major damage to the reputation of the organisation. Generates significant number of complaints and likely loss of public confidence. Unwanted local or possibly national media attention.	Major impact on achievement of one or more SCC priority objectives
5	Severe	>£10m	Serious long term impact on a large (or particularly vulnerable group) proportion of population	Serious damage to the reputation of the organisation. Large number of complaints. National media coverage. Possible government intervention.	Serious long term impact on achievement of one or more SCC priority objectives

9

Once the risk likelihood score and impact score have been determined, they combine to provide an overall risk score (by multiplying the impact by the likelihood). This allows for a relative ranking of risks and a better focus on prioritising the most significant risks (with resources allocated accordingly).

Risk Register Updated :

At the end of this step the risk register should be populated with the:

- Existing management controls to reduce the likelihood or impact of the risk
- Likelihood score
- Impact score
- Overall Risk Score (likelihood x impact)

6 Risk Treatment

Risk treatment involves looking at the options to help mitigate the risk and taking the most appropriate actions. Very often the first idea (or option) is the most expensive and it is important to consider alternatives. The intention is to consider the cost-benefits of each option and then select the most appropriate to either reduce the likelihood of occurrence or the impact.

There are essentially 4 main treatment option, shown below in Fig 4:

Fig 5 - Risk Management treatment options

Activity / Option		Mitigation
Terminate	Stop what is being done.	The specific actions to be taken to control the risk
Treat	Reduce the likelihood or impact of the risk occurring.	
Transfer	Pass to another service best placed to deal with mitigations but ownership of the risk still lies with the original service. <i>One example would be insurance.</i>	The reasons for the transfer and the name of the service provider that the risk is being transferred to.
Tolerate	Do nothing because the cost outweighs the benefits and/or an element of the risk is outside our control.	The specific reasons / rationale for tolerating the risk.

NOTE : When considering the options, more than one mitigation may be appropriate.

Risk Register Updated :

At the end of this step the risk register should be populated with the:

- *Planned Enhancements to Controls (Actions) – treatment option(s) to further mitigate the risk*
- *Target Date(s) - The date when the action(s) should be completed by*

7 Risk Monitoring and Reporting

Effective risk monitoring and reporting is essential for informed decision-making and ensuring that the right actions are taken to drive improvement.

Risks must be regularly monitored to track progress, review the effectiveness of existing controls and consider any other factors that may impact the (level of) risk. The frequency of risk reviews will depend on the type of risks being assessed and the area that the risk sits within. For many parts of the organisation, the review of the risk register will be a standing item on the agenda. Nevertheless, all risks in a risk register must be reviewed every quarterly (at the very least) by the Risk Owner.

In addition to risk monitoring by the Risk Owner, a number of other stakeholders are likely to need to be kept informed on the risk status and contribute as required. Below shows some of the monitoring that takes place in the Council based on the risk hierarchy to support good risk management and good governance.

Risk Level / Hierarchy	Risk Monitoring
Strategic	<ul style="list-style-type: none"> Corporate Risk Register reviewed by Corporate Leadership Team (monthly standing agenda item). New risks added if appropriate or removed or downgraded to departmental level. AGC consider the Corporate Risk Register (standing agenda item) to provide oversight Deep dives undertaken on risks to provide wider perspective and understanding
Directorate	<ul style="list-style-type: none"> Risks reviewed and updated by Head of Directorate and their direct reports. Risks escalated (via Head of Directorate or via Risk Manager), removed or downgraded
Service	<ul style="list-style-type: none"> Risks reviewed and updated by Head of Service and their direct reports Risks escalated (via Head of Service or via Risk Manager) or removed

Reports provide stakeholders a view on the current state of specific risks. Essentially there are 2 types of reporting :

- **Pre-defined reports** which are in the same format and provided to regular committees or other meetings. These will typically be undertaken by the overall responsible for that specific risk register.
- **Ad-hoc risk reports** on the status of risk. Typically, these will be spanning different parts of the organisation and are normally undertaken by the Risk Manager.

Below are some of the interested parts of Surrey County Council that require risk reports. While it is not a comprehensive list it does reflect that there are a large number of stakeholder that require risk information.

Fig 6 – Overview of some of the stakeholders that require risk information



It is **IMPORTANT** that anyone providing a risk report understands that there may be content which could be confidential. For example, the mitigations may cover commercially sensitive information or could be used to by-pass intended safeguards. Therefore, there must be a clear understanding of why the report is needed, what content requirement / risk information is needed, and who will have access to the report.

Typically a risk report as a minimum should show:

- The Title of the Risk
- The Owner of the Risk

Additional information may be made available such as:

- The cause(s) of the risk and the effect(s) on the organisation if it were to occur
- The current likelihood and impact if the risk
- The current control(s) in place to stop the risk from occurring
- The planned mitigation(s) to further reduce the likelihood or impact of the risk
- The due date(s) for completion of the mitigation

Risk Register Updated :

At the end of this step the risk register should be reviewed and any changes / updates made

Risk register

Annex A

A risk register with a worked example

Risk ID	Risk Title	Causes	Effect	Risk Owner	Likelihood (1-5)	Impact (1-5)	Overall Score	Key Existing Management Controls	Planned Enhancements to Controls (Actions)	Target Date
<i>Unique ref. A short summary explain the risk no. to be provided by Risk Manager</i> <i>What would happen if the risk occurred?</i> <i>see risk matrix to help scoring</i> <i>Controls that are already in place to stop the (Likelihood X risk from occurring) (Likelihood X risk from occurring) (Likelihood X risk from occurring)</i> <i>Actions planned to further mitigate the risk</i> <i>Month & Year</i>										
Example :	There is a risk of a deliberate and / or targeted cyber attack compromising IT systems and critical IT infrastructure	<ul style="list-style-type: none"> - A deliberate attack by a cyber criminal or insider attack by a disgruntled employee or ex-employee. - State linked cyber crime attacks – a local government organisation can be viewed as less secure and a link into national government systems. - Lack of understanding amongst workforce of the potential cyber threats. - Failure of staff to adhere to the council's cyber security policies, procedures and guidance (behavioural and technical). - Legacy infrastructure and systems, that become increasingly vulnerable to exploitation as threats become more sophisticated and targeted. 	<ul style="list-style-type: none"> - An immediate disruption to services if systems are unavailable. - Loss of access to individual resident's records, creating a risk of harm to their health and wellbeing. - Loss of access to operational data e.g. payroll data, payment data for suppliers, case files etc. - Financial cost of the immediate response e.g. rebuilding systems and restoring data. - Financial cost of longer term recovery e.g. potentially buying new infrastructure and strengthening resilience to cyber attacks. - Damage to reputation / loss of trust amongst the residents of Surrey, and partner organisations. 	A. Smith	1	4	4	<ul style="list-style-type: none"> 4 - Protective systems Firewalls, anti-virus, internet scanning in place - Inhouse security monitoring and penetration testing - Systems have latest patches applied - Cyber liability insurance in place - User access controls limits access to data - Business Continuity Plan in place to enable support of key services 	<ul style="list-style-type: none"> - revised IT incident management policy being Oct. 2021 developed - internal audit planned and will undertake remedial work if identified 	Jan. 2022

Area	Guidance
Risk ID	All risks must have a unique risk reference
Risk Title	A short summary explaining the risk
Cause	The reason(s) giving rise to the risk
Effect	What would happen if the risk occurred?
Risk Owner	The person best placed to own and manage the risk
Likelihood	The probability rating of the risk occurring
Impact	The rating of the risk effect to the organisation
Overall Score	Rating calculated by Likelihood x Impact
Key Existing Management Controls	Measures currently in place to reduce the likelihood or impact of the risk occurring
Planned Enhancements to Controls (Actions)	Further actions planned to help mitigate the risk to an acceptable level
Target Due	The deadline by which the mitigating actions should be completed