

Notice of Meeting

Audit and Governance Committee



Date and Time

Wednesday, 13
March 2024
10.00 am

Place


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

Contact

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Committee Members:

Victor Lewanski (Chairman), Richard Tear (Vice-Chairman), Ayesha Azad, Helyn Clack, Stephen Cooksey, Steven McCormick and Terry Price (Independent Member)

If you would like a copy of this agenda or the attached papers in another format, e.g. large print or braille, or another language, please email Amelia Christopher on amelia.christopher@surreycc.gov.uk.

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If you would like to attend and you have any special requirements, please email Amelia Christopher on amelia.christopher@surreycc.gov.uk. Please note that public seating is limited and will be allocated on a first come first served basis.

AGENDA

1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

To receive any apologies for absence and substitutions.

2 MINUTES OF THE PREVIOUS MEETING - 17 JANUARY 2024

(Pages 1
- 8)

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

3 DECLARATIONS OF INTEREST

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

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

NOTES:

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

4 QUESTIONS AND PETITIONS

To receive any questions or petitions.

Notes:

1. The deadline for Member's questions is 12.00pm four working days before the meeting (*7 March 2024*).
2. The deadline for public questions is seven days before the meeting (*6 March 2024*).
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

5 RECOMMENDATIONS TRACKER AND WORK PLAN

(Pages 9
- 28)

To review the Committee's recommendations tracker and work plan.

6 INTERNAL AUDIT PROGRESS REPORT - QUARTER 3

(Pages
29 - 44)

The purpose of this progress report is to inform Members of the work completed by Internal Audit between 1 October 2023 and 31 December 2023.

The current annual plan for Internal Audit is contained within the Internal Audit Strategy and Annual Plan 2023-24, which was approved by this Committee on 8 March 2023.

- 7 INTERNAL AUDIT STRATEGY AND ANNUAL AUDIT PLAN 2024/25** (Pages 45 - 74)
- The purpose of this report is to present the Internal Audit Strategy and Annual Internal Audit Plan for 2024/25 to the Committee.
- Under-pinning the work of the Orbis Internal Audit Service in delivering the Annual Internal Audit Plan are the key principles and objectives as set out in the Internal Audit Strategy and Charter. These are presented alongside the Annual Internal Audit Plan for 2024/25 as good practice dictates that these should be updated and reviewed on an annual basis.
- 8 ETHICAL STANDARDS ANNUAL REVIEW 2023-24** (Pages 75 - 92)
- To enable the Committee to monitor the operation of the Members' Code of Conduct, including complaints made concerning councillors, the declaration of gifts and hospitality and Interests over the course of the last year.
- 9 APPOINTMENT OF INDEPENDENT MEMBER TO THE AUDIT AND GOVERNANCE COMMITTEE** (Pages 93 - 94)
- This report details the process undertaken to date to recruit an Independent Member to the Audit and Governance Committee and confirms that the preferred candidate will be recommended to County Council for appointment as the Independent Member to the Audit and Governance Committee.
- 10 RISK MANAGEMENT** (Pages 95 - 100)
- To provide an update on risk management.
- 11 VOTE OF THANKS TO RETIRING INDEPENDENT MEMBER**
- The Chairman to report.
- 12 DATE OF NEXT MEETING**
- The next meeting of the Audit and Governance Committee will be on 5 June 2024.

Joanna Killian
Chief Executive
Published: Tuesday, 5 March 2024

MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE

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QUESTIONS AND PETITIONS

Cabinet and most committees will consider questions by elected Surrey County Council Members and questions and petitions from members of the public who are electors in the Surrey County Council area.

Please note the following regarding questions from the public:

1. Members of the public can submit one written question to a meeting by the deadline stated in the agenda. Questions should relate to general policy and not to detail. Questions are asked and answered in public and cannot relate to “confidential” or “exempt” matters (for example, personal or financial details of an individual); for further advice please contact the committee manager listed on the front page of an agenda.
2. The number of public questions which can be asked at a meeting may not exceed six. Questions which are received after the first six will be held over to the following meeting or dealt with in writing at the Chairman’s discretion.
3. Questions will be taken in the order in which they are received.
4. Questions will be asked and answered without discussion. The Chairman or Cabinet members may decline to answer a question, provide a written reply or nominate another Member to answer the question.
5. Following the initial reply, one supplementary question may be asked by the questioner. The Chairman or Cabinet members may decline to answer a supplementary question.

MINUTES of the meeting of the **AUDIT AND GOVERNANCE COMMITTEE** held at 10.00 am on 17 January 2024 at Surrey County Council, Committee Room, Woodhatch Place, 11 Cockshot Hill, Reigate, Surrey, RH2 8EF.

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

Elected Members:

(Present = *)

(Remote Attendance = r)

- * Victor Lewanski (Chairman)
- * Richard Tear (Vice-Chairman)
- * Stephen Cooksey
- * Steven McCormick
- * Ayesha Azad
- * Helyn Clack
- * Terry Price (Independent Member)

Members in Attendance

David Lewis (Cobham) - Cabinet Member for Finance and Resources

The Chairman:

- Welcomed the new Committee member: Steven McCormick, and thanked the outgoing Committee member Joanne Sexton for her contributions.

1/24 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

There were none.

2/24 MINUTES OF THE PREVIOUS MEETING - 22 NOVEMBER 2023 [Item 2]

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

The Chairman noted that a key agenda item discussed was the complaints handling procedure, Committee members raised several key points due to be reported on at January's Committee; the item has now been deferred to March's Committee.

3/24 DECLARATIONS OF INTEREST [Item 3]

There were none.

4/24 QUESTIONS AND PETITIONS [Item 4]

There were none.

5/24 RECOMMENDATIONS TRACKER AND WORK PLAN [Item 5]

Witnesses:

Amelia Christopher, Committee Manager
Ade Oyerinde, Grant Thornton

Key points raised in the discussion:

1. The Chairman referred to Appendix 1 to the recommendations tracker, response to action A37/23 and noted the error in the table for 2022/23, third column second row which states that there are two Assistant Managers in the Adult Services Customer Relations Team; officers have clarified that there is only one.
2. A Committee member referred to action A7/23 where the last update was provided on 9 January 2024 that the Customer Relations Team Manager and the team are working on an update and asked whether that would be received in March as part of the item; the Committee Manager confirmed that was the case.
3. A Committee member referred to action A8/23 where the last update was provided by the Audit Manager - Counter Fraud on 2 January 2024, he sought clarity on what that means going forward and whether the Committee would receive an update and when would that further work be picked up. The Committee Manager would liaise with the Audit Manager - Counter Fraud. Another Committee member stressed that there were serious issues that had not been resolved, he had received a recent letter from a school in his division that several staff members still had payments outstanding. He hoped that concern could be taken seriously and would provide details of that complaint to the Committee Manager to follow up with officers.
4. A Committee member referred to action A10/23 whereby the target date for completion was the next few months and asked for that to be more specific, regarding the link to be circulated to members as soon as it is set up. The Committee Manager would follow that up with officers.
5. A Committee member referred to the action A15/23 whereby the Value for Money assessment was nearing completion and would be included in the Audit Findings Report for 2022/23 to the Committee in January. The Chairman confirmed that was included under item 7.
6. A Committee member referred to action A16/23 whereby the target date for completion was to be confirmed and asked for that date to be more specific. Another Committee member noted that Grant Thornton was to provide an update at January's Committee and asked for that update. The Grant Thornton representative noted that they were still waiting for Public Sector Audit Appointments (PSAA) to approve the proposed 2022/23 audit fee, that was done on a quarterly cycle.
7. The Grant Thornton representative referred to the work plan noting corrections on pages 34 (June) and 36 (November) that going forward the external auditors would not be Grant Thornton. The Committee Manager would make that change.

RESOLVED:

1. Monitored progress on the implementation of recommendations from previous meetings (Annex A).
2. Noted the work plan and the changes to it (Annex B).

Actions/further information to be provided:

1. A1/24 - The Committee Manager will provide to officers the letter/details of the complaint from the school in the Committee Member's division where serious issues had not been resolved such as several staff members with payments still outstanding.

6/24 TREASURY MANAGEMENT STRATEGY STATEMENT 2024/25 [Item 6]

Witnesses:

Nikki O'Connor, Strategic Finance Business Partner (Corporate)

Key points raised in the discussion:

1. The Chairman thanked the Strategic Finance Business Partner (Corporate) and officers for the useful training session on the Treasury Management Strategy (TMS) Statement last week.
2. The Strategic Finance Business Partner (Corporate) noted that the Committee was asked to approve the TMS Statement which formed Part 4 of the Capital, Investment and Treasury Strategy for 2024/25. The full document was to be scrutinised by the Resources and Performance Select Committee and would be considered by the Cabinet with a recommendation for Council to approve it in February as part of the 2024/25 Final Budget and Medium-Term Financial Strategy to 2028/29.
3. The Strategic Finance Business Partner (Corporate) explained that the TMS Statement outlined the Council's approach to managing cash flows and related risks, specifically in respect of the Council's borrowing strategy and the safeguarding of cash investments. The TMS Statement for 2024/25 continues the Council's strategy to maximise internal borrowing and to balance the long-term and short-term debt portfolio to manage the 'cost of carry'. The Minimum Revenue Provision Policy was in line with current guidance. The investment strategy was to keep cash investments low and to utilise Money Market Funds for short term investments, to ensure liquidity and security.
4. A Committee member referred to Annex 1, paragraph 2.25 on Environmental Sustainability and welcomed that expertise being brought in but asked where the information could be accessed on the reporting of carbon impacts of the Capital Programme, as that could impact the Council's decision-making process around its investments. The Strategic Finance Business Partner (Corporate) explained that formed part of the work by the Greener Futures team around ensuring that the Council was moving towards that net zero target and would find out where that work is shared.
5. A Committee member referred to Annex 1, paragraphs 4.25 - 4.27 around the Local Context and asked how the Capital Financing Requirement (CFR) was used regarding balancing internal and external borrowing. The Strategic Finance Business Partner (Corporate) explained that the CFR was a measure of the Council's underlying need to borrow in relation to the historic capital spend and forecast future capital spend funded from borrowing. It does not represent what the Council's actual borrowing is or take into account any internal borrowing. Regarding actual borrowing, decisions were based on the TMS and the cash flow forecasts. Table 13 takes that CFR and looks at the Council's ability to internally borrow - or use its short to medium term cash balances - and tries to maximise that to reduce the revenue cost of actual external borrowing.
6. The Chairman referred to table 13 mentioned above, querying whether the projected additional external borrowing requirement does not necessarily mean that the Council would be investing more heavily. The Strategic Finance Business Partner (Corporate) explained that the table demonstrates the Council's ongoing commitment to capital expenditure, the Capital Programme - to be approved - remained ambitious and significant in terms of its capital investment over the next five years and that resulted in an anticipated increase in borrowing. The level of borrowing and the associated borrowing costs are assessed in terms of proportionality to the size of the Council's revenue budget, to ensure costs remain proportionate. Before borrowing, the actual spend would be reviewed compared to the forecast and as previously mentioned cash flow forecasts and internal borrowing would inform actual borrowing decisions.
7. A Committee member referred to Annex 1, paragraph 3.18 around the Security, whereby the value of property owned by Halsey Garton Property Ltd was assessed as being £81 million lower than cost which shows a 25% reduction. Concerning the pressures on the retail environment, she asked what risk that posed overall for the

portfolio and what was the estimated direction of travel, was it a short, medium or long term trend. The Strategic Finance Business Partner (Corporate) noted that it was only a risk until the point the Council sought to sell those assets, as opposed to when those were owned and were generating an investment return. It was difficult to estimate the direction of travel, it was unusual for property to decrease in value over the longer term, yet post-pandemic there had been many fluctuations. The Cabinet Member for Finance and Resources was unsure how long the market would remain at a low point. Regarding the Halsey Garton portfolios, the exposure to retail was relatively small and the portfolio had performed slightly better than the market overall. Work was underway on options for the old Debenhams site in Winchester and that would likely increase its valuation. The Strategic Finance Business Partner (Corporate) noted that the Council monitored the level of investment income as a proportion of its overall net revenue budget and currently it was less than 2%, demonstrating that it was not overly exposed to risk of fluctuations.

8. The Chairman referred to Annex 1, paragraph 3.8 around Commercial Investments: Property and specifically Table 7 where the expected gain for Retail was £23 million, compared to the £4 million loss reported last year. The Strategic Finance Business Partner (Corporate) would review the figures in Table 7.
9. A Committee member suggested that the numbering and lettering of the various annexes be reviewed as it was confusing. The Strategic Finance Business Partner (Corporate) acknowledged that and would review.

RESOLVED:

That the Committee approved the Treasury Management Strategy Statement (TMSS) – Part 4 of the Capital, Investment and Treasury Strategy for 2024/25 including the Prudential Indicators.

Actions/further information to be provided:

1. A2/24 - Regarding Annex 1, paragraph 2.25 on Environmental Sustainability, the Strategic Finance Business Partner (Corporate) will find out where that work is shared regarding the reporting of carbon impacts of the Capital Programme.
2. A3/24 - Regarding Annex 1, paragraph 3.8 around Commercial Investments: Property, the Strategic Finance Business Partner (Corporate) will review the figures in Table 7 around the expected gain for Retail.
3. A4/24 - The Strategic Finance Business Partner (Corporate) will review the numbering and lettering of the various annexes.

7/24 STATEMENT OF ACCOUNTS 2022/23 [Item 7]

Witnesses:

Barry Stratfull, Chief Accountant (Corporate)
 Ade Oyerinde, Grant Thornton
 Nikki O'Connor, Strategic Finance Business Partner (Corporate)
 Paul Dossett, Grant Thornton

Key points raised in the discussion:

1. The Chief Accountant (Corporate) noted that the report included Grant Thornton's Audit Findings Report. In respect of the Statement of Accounts 2022/23 there were a few last-minute audit checks and reviews being undertaken. It was expected that Grant Thornton would issue an unqualified opinion on both the Council and the Pension Fund accounts, to be signed in the next week or two. It was not expected

that anything material would result from the final checks, if that did arise then the accounts would be brought back to the Committee.

2. The Grant Thornton representative noted that:
 - The work was substantially complete, the main outstanding areas were around the valuation of Property, Plant and Equipment (PPE) and investment properties; since the report was issued the work on investment properties was substantially complete, final queries were being addressed regarding the valuation of PPE.
 - To date, there were no material amendments to the Council accounts or Pension Fund accounts, it was anticipated that they would issue an unqualified opinion on both accounts in the next few weeks. Final work was underway on the Pension Fund accounts around the journals and testing on benefits paid.
 - The materiality was set out in the report.
 - There were no issues identified in respect of their independence as auditors.
 - The appendices set out the recommendations identified, the majority were IT related issues that had not resulted in the identification of any material errors. Most of the recommendations were assessed as low or medium and were being followed up, including those from last year's accounts.
 - The audit adjustments were being worked through to ensure consistency with what had been audited and the agreed expected changes.
 - Once the audit is completed the estimated audit fee would be reviewed, to be approved by PSAA.
3. The Strategic Finance Business Partner (Corporate) clarified that the Committee's approval was sought as it was expected that it was the last time the Committee would see the 2022/23 Statement of Accounts with final sign off to be provided by the Chairman and Section 151 Officer. Noted that the delay in completing the audit was due to several reasons and lessons learnt were being incorporated going forward, the delays to the previous year's audit impacted this year's audit and there were national issues affecting local authority audit sign offs in many authorities. Noted that if the accounts were to be signed off in the next few weeks, the Council would be one of only a handful of local authorities to do so to date.
4. A Committee member referred to Appendix B - Action Plan around the recommendations concerning the IT system and asked whether Grant Thornton had discovered cases where someone had breached the segregation of duties or had user access when they should not have; what was the cause of those issues, were they related to the new IT system or had those issues not been picked up previously. The Grant Thornton representative noted that work was under the remit of the IT audit team, however concerning the segregation of duties, testing had been undertaken around journals and no issues had been identified. He noted that Grant Thornton's approach was cyclical in terms of a detailed IT review every two to three years. It had not resulted in material changes required to the accounts. The Strategic Finance Business Partner (Corporate) noted that the audit for 2022/23 looked at controls within the old SAP system, some cases related to incorrect user access to specific functions or reports within the system but that had not materialised into wrongdoing and had been addressed. The issues that were relevant to the new system were being incorporated going forward as useful learning points.
5. A Committee member referred to the lateness of the report and wondered whether it would be helpful for the Committee to receive a report analysing the reasons for those delays and a timetable for next year's audit. The Strategic Finance Business Partner (Corporate) noted that regarding the timetable for next year, the Council's new auditors took over on 1 April 2023 and the Committee would receive their audit plan. The deadlines remained the same: draft accounts by the end of May and

audited accounts by the end of September. Regarding the reasons for the delay, whilst a separate report could be produced those reasons were contained in the report and had been detailed in previous progress reports.

6. In addition to the above, the Grant Thornton representative explained that nationally, there had been an increase in the workload for auditors particularly around increased testing, issues around infrastructure assets had delayed sign off by a year and delays due to the triennial pension update. The Council faced challenges in 2021/22 with multiple changes to the accounts, and staffing issues, that delayed the sign off. Good progress had been made on the 2022/23 accounts and noted optimism for next year around the Chartered Institute of Public Finance and Accountancy (CIPFA) code update that might reduce the time spent on asset valuations. The Government would be consulting on the backstop arrangements - 30 September - it was anticipated that no more than 50% of accounts up to and including 2022/23 would be signed off. The profession needed to return to the sign off of audits within the same calendar year to make them useful. The Cabinet Member for Finance and Resources noted that his regular Briefing to Council meetings noted the status of signing off on the Statement of Accounts.
7. A Committee member asked if the Committee would receive the audit plan from the new external auditors at the March Committee meeting, otherwise it would come after the end of the financial year that it was addressing. The Strategic Finance Business Partner (Corporate) would share that request with the new external auditors.
8. The Chairman queried the final audit fee for the Council Group which was £300,729 for 2021/22 and asked whether that included the additional fee, if so was the original fee of around £200,000 set too low. The Grant Thornton representative explained that the original audit fee was an estimate at the time, that fee was set by PSAA in 2019 and that had not been updated annually so did not account for the changes to the International Standards of Auditing (ISA) or the additional requirements from the CIPFA code. For 2023/24, PSAA was reviewing that and would set a more realistic fee.

RESOLVED:

1. Noted the contents of the Audit Findings Report (AFR), as attached at Annex A.
2. Approved the 2022/23 Statement of Accounts, as attached in Annex B, for publication on the council's website.
3. Approved the Executive Director of Resources' letter of representation, which is attached in Annex C.
4. Noted that the Pension Fund Audit Finding Report will be circulated to Committee for consideration, before the Statement of Accounts are formally signed.
5. Approved the group letter of representation and Pension Fund letter of representation attached at Annex D.
6. The Committee delegated any residual matters relating the audit of the accounts, the Group accounts and/or the pension fund accounts to the Section 151 Officer.

Actions/further information to be provided:

1. A5/24 - The Strategic Finance Business Partner (Corporate) will share with the external auditors the request for the Committee to receive the audit plan from them at the March Committee meeting.

8/24 EXTERNAL AUDIT: AUDITOR'S ANNUAL REPORT 2022/23 [Item 9]

Item 9 was taken before item 8.

Witnesses:

Paul Dossett, Grant Thornton
 Nikki O'Connor, Strategic Finance Business Partner (Corporate)

Key points raised in the discussion:

1. The Grant Thornton representative noted that under the National Audit Office (NAO) Code of Practice regulations they were required to provide a Value for Money (VfM) assessment which considered whether the arrangements were adequate to facilitate that.
2. The Grant Thornton representative noted that the three arrangements reviewed were: financial sustainability, governance, and improving economy, efficiency and effectiveness:
 - Financial sustainability was rated Amber, it was Red in many other local authorities with more Section 114 notices likely to be issued; Grant Thornton recognised the huge challenges ahead around the medium-term financial plan, but due to the Council's understanding of the risks and willingness to take some difficult decisions the Council was in a lower risk category compared to others.
 - Governance included arrangements for risk management, internal audit and counter fraud; that was rated Amber as the Council was in a strong position with embedded arrangements.
 - Improving economy, efficiency and effectiveness contained two aspects: the work of external inspectors such as Ofsted, and internal arrangements and processes to ensure VfM, such as how the Council works in partnership with others. It was rated Green and was an outlier compared to many councils, the Council was in the top quartile.
3. A Committee member presumed that the recommendations relevant to the Committee were being factored into its work plan. She asked who the Council could be compared to in the top quartile. The Grant Thornton representative noted that Surrey's position was strong, towards the top of the group compared to other counties in the area which had significant financial challenges such as: Kent, West and East Sussex, Essex, Hertfordshire, Hampshire. However, no council was more than a few bad decisions away from an issue particularly around financial sustainability and demand pressures in children's services. The Committee member noted that was useful for Surrey to benchmark itself against.
4. The Chairman noted the hard work and in terms of Surrey ever achieving a Green rating for financial sustainability he noted that the Council would have to eliminate the risks around the budget gap which would be almost impossible with the financial challenges it faced. The Strategic Finance Business Partner (Corporate) was pleased with the report noting the hard work undertaken over several years to improve the Council's financial sustainability and financial management arrangements and stressed that the challenging financial environment should not be underestimated. The Cabinet Member for Finance and Resources agreed with the comments made, he believed that the Council had both the processes and the governance in place to deal with those challenges ahead; the transformation programme would help address that.
5. A Committee member welcomed the report which was transparent containing a detailed level of information, he thanked Finance officers and Grant Thornton.
6. The Chairman thanked Grant Thornton for all their work over the years.

RESOLVED:

Noted the report and considered the improvement recommendations outlined in Grant Thornton's Annual Report on Surrey County Council for 2022/23 (page 14, 21 & 27 of the Annex).

Actions/further information to be provided:

None.

9/24 2022/23 AUDIT REPORTS AND ANNUAL STATEMENT OF ACCOUNTS FOR SUBSIDIARIES OF SURREY COUNTY COUNCIL [Item 8]**Witnesses:**

Bill Harrow, Senior Finance Business Partner (Commercial)

Key points raised in the discussion:

1. The Senior Finance Business Partner (Commercial) noted the unqualified audit opinions for the 2022/23 external audit reports of each subsidiary, the results were consolidated to the Council's accounts. Findings included: management had appropriate procedures in place to prevent overrides of internal controls, found no indication of management bias or significant transactions outside the normal course of business, revenue was found to be recognised correctly across all the entities, no issues were found with the recoverability of debtors and reasonable assurance was obtained.
2. The Chairman welcomed the positive report for all the subsidiaries, there were no material misstatements.
3. A Committee member welcomed the collated report and useful pointers concerning the value of properties. He queried why the various subsidiaries used different external auditors. The Senior Finance Business Partner (Commercial) explained that each subsidiary decides who their external auditors were.

RESOLVED:

That the Committee considered the contents of the 2022/23 Audit Reports for the entities referred to in the report. The Financial Statements for each company were shared as background information.

Actions/further information to be provided:

None.

10/24 DATE OF NEXT MEETING [Item 10]

The date of the next meeting of the Committee was noted as 13 March 2024.

Meeting ended at: 11.04 am

Chairman

Audit & Governance Committee
13 March 2024**Recommendations Tracker and Work Plan****PURPOSE OF REPORT:**

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

INTRODUCTION:

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

RECOMMENDATION:

The Committee is asked to:

1. Monitor progress on the implementation of actions/recommendations from previous meetings in Annex A.
2. Note the work plan at Annex B and any changes to it.

REPORT CONTACT: Amelia Christopher, Committee Manager,
Surrey County Council, amelia.christopher@surreycc.gov.uk

Sources/background papers: None

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Audit & Governance Committee – Recommendations Tracker

13 March 2024

Number	Meeting Date	Item	Recommendation / Action	Action by whom	Action update	Target date for Completion
A7/23	5 June 2023	Annual Complaints Performance Report	<p>The Customer Relations Manager, the Head of Customer Engagement and System Development and the Director of Law and Governance will take Committee member's comments and suggestions away and will report back at November's meeting where the LGSC Annual Letter and Complaints Update, and Council Complaints – Half Yearly Update items are scheduled; areas to cover:</p> <ul style="list-style-type: none"> a) comparative complaints figures with other local authorities. b) whether a similar internal investigator appointment will be beneficial for ASC and having more internal investigator roles in Education Services. c) consider whether the Corporate category can be renamed to 'Other' and explore whether it can be broken down by the services they related to as soon as possible; to liaise with Committee members on the services to be listed. d) consider how non-formal complaints information such as around highways that residents direct to Members, can be incorporated in future reports or provided to the Committee in another form. e) explore the suggestion with database providers of a response box being 	<p>Customer Relations Manager / Head of Customer Engagement and System Development / Director of Law and Governance</p>	<p>As of 14 February 2024, the Customer Relations Team Manager and the team provided the following update:</p> <p>The ongoing Customer Service Transformation Programme has remained the focus for the Service. Officers remain committed to addressing the questions from the Committee; at this time the update is such that a significant amount of the focus on Customer Service Transformation includes the areas highlighted by committee and as such they remain a work in progress.</p> <p>Update provided by the Customer Relations Manager on 13 November 2023:</p> <p>Regarding the Task and Finish group on complaints (refer to item 7 - Annex 2, heading: 'Learning from Complaints'): The group is currently at discovery stage with all three customer relations teams engaged in the process. The aim is to provide an outcome report for the Chief Executive by 31 December 2023, a summary of which can then be shared with the A&G Committee in the New Year.</p> <p>Update provided by the Customer Relations Manager on 3 November 2023:</p>	June 2024

Audit & Governance Committee – Recommendations Tracker

13 March 2024

Page 12			<p>added to formal complaints indicating the residents' borough or district.</p> <p>f) provide a report on the customer services steering group, identifying the problems, where those were occurring and what was being done.</p> <p>g) provide an update on the Customer and Communities Directorate's mapping exercise of the Council's communication touch points and whether those were user friendly.</p> <p>h) consider a similar approach of having a central email address for residents when communicating with the Council around reporting a defect or complaint and issues to be allocated to the relevant officers for a response within an agreed timeline.</p> <p>i) provide an update on dovetailing residents' formal complaints with concerns raised to Members if they were about the same issue, as well as where concerns should be referred to the formal complaints process.</p>		<p>a) Comparative complaints figures with other local authorities.</p> <p>We are continuing to gather data from comparable authorities. Challenges include that data captured is different and does not lend itself to direct comparisons. So far only three authorities have responded to the data sharing request.</p> <p>b) Whether a similar internal investigator appointment will be beneficial for ASC and having more internal investigator roles in Education Services.</p> <p>The ASC complaint procedure is a single tier process. The expectation is that the service complained about is best placed to respond in detail; essentially taking forward their own investigation. Complaints are responded to by Managers / Senior Managers who have a background in Social Work and therefore completely understand the complexity of the complaint and if the Council have adhered to its duties under the Care Act 2014.</p> <p>Staffing resources in Customer Relations for Education Services have increased to allow better triaging and quality assurance of complaints as well as enquiry handling. 4 complaint leads have also been appointed within the SEND Service who are working closely with the Customer Relations Team to improve the quality and timeliness of initial responses which in turn will decrease</p>
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Audit & Governance Committee – Recommendations Tracker
 13 March 2024

					<p>the volumes of complaints escalating through the process.</p> <p>c) Consider whether the Corporate category can be renamed to ‘Other’ and explore whether it can be broken down by the services they related to as soon as possible; to liaise with Committee members on the services to be listed.</p> <p>The update report recognises the request and refers Services other than social care and education rather than Corporate Services. The weekly complaint snapshot reports shared with the CEO and Leader of the Council provide the Service breakdown suggested. Proposal that A&G Committee Chair and Vice Chair are included in the circulation of the weekly reports going forward.</p> <p>d) Consider how non-formal complaints information such as around highways that residents direct to Members, can be incorporated in future reports or provided to the Committee in another form.</p> <p>This proposal continues to be considered; challenges include that the way these enquiries are captured and recorded is not currently uniform within the three Customer Relations Teams.</p>	
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Page 14					<p>e) Explore the suggestion with database providers of a response box being added to formal complaints indicating the residents' borough or district.</p> <p>The request has been shared with the provider who are exploring the most appropriate way to take this forward. Challenges include restrictions due to GDPR which means that providing the information cannot be compulsory and therefore the data may not be complete.</p> <p>f) Provide a report on the customer services steering group, identifying the problems, where those were occurring and what was being done.</p> <p>In Education Services the steering group continues to focus on improving the quality and timeliness of responses whilst identifying the root causes of complaints. Perceived poor standards of communication and delays in the Education Health Care Plan process continue to be the primary cause of complaints. Education Services continue to work to address this given the acknowledged national challenges in securing assessments and outcome reports by Education Psychologists.</p> <p>g) Provide an update on the Customer and Communities Directorate's mapping exercise of the Council's communication</p>	
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					<p>touch points and whether those were user friendly.</p> <p>h) Consider a similar approach of having a central email address for residents when communicating with the Council around reporting a defect or complaint and issues to be allocated to the relevant officers for a response within an agreed timeline.</p> <p>The above (g and h) continue to be explored as challenges include the fact that the timescales for responses for two of the complaint procedures (Adults and Childrens Services) are governed by statutory legislation and cannot be deviated upon. The introduction of the online self service complaint portal addresses the central point to register a complaint. As the three customer relations teams are located separately within the Council a central or single email address at present needs to be explored in more detail due to the administrative element of recognising the specific nature of the complaint and which service is best able to respond.</p> <p>i) Provide an update on dovetailing residents’ formal complaints with concerns raised to Members if they were about the same issue, as well as where concerns should be referred to the formal complaints process.</p>	
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					The CFLL Customer Relations Team has recruited an officer to a new role that focuses on building relationships with members and services. The role remit includes working with the services and members to decrease the volume of duplicated effort in providing both a response for the Member to share with the family or their representative MP and a formal stage 1 complaint response direct to the family.	
A8/23 Page 16	12 July 2023	Counter Fraud Annual Report 2022/23	The Audit Manager – Counter Fraud will find out whether a check had been undertaken across all schools in Surrey to make sure that all the business managers were on the right salary level.	Audit Manager – Counter Fraud	<p>Update provided by the Audit Manager (Counter Fraud) on 22 January 2024:</p> <p>We will update the Committee at the November meeting of the results of the data matching on school business managers grades. We plan to complete this exercise in Unit4 in September.</p> <p>(Update provided by the Audit Manager (Counter Fraud) on 2 January 2024:</p> <p>Supporting papers for school staff are held locally, confirmation of SBM paypoints would not be possible without writing out to all schools; the team did perform analysis on payroll records for schools. This included stratified sampling and review of high earners to identify anomalies. The team did not detect any oddities. Further work in this area will be picked up once Unit4 has bedded down and BAU has returned to school payroll.)</p>	November 2024

Audit & Governance Committee – Recommendations Tracker

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A9/23	12 July 2023	Counter Fraud Annual Report 2022/23	The Audit Manager – Counter Fraud will ensure that next year’s Counter Fraud Annual Report includes an NFI results section summarising the major areas identified in the cases.	Audit Manager – Counter Fraud	<p>Update provided by the Audit Manager (Counter Fraud) on 2 January 2024:</p> <p>The Annual Counter Fraud Annual Report in July will include results on the biennial NFI exercise (results are reported in alternate years to reflect the 2 year cycle of NFI).</p>	July 2024
A10/23	12 July 2023	Update on the Surrey Forum and the Four Associated Strategic Partnership Boards	The Director – Corporate Strategy and Policy will liaise with the chairs of the Surrey Forum and the non-statutory boards: One Surrey Growth Board, Greener Futures Board, and Thriving Communities Board, asking whether the agendas, minutes and membership lists could be made available to all Members.	Director – Corporate Strategy and Policy	<p>Update provided by the Strategy Officer - Corporate Strategy and Policy on 15 February 2024 and 29 February 2024:</p> <p>A Sharepoint site is now up and running but by invite only - the team is working with IT to ensure that it is shareable without permissions. In recent weeks the team has been discussing this with the secretariats of each partnership group and are in the process of handing over.</p> <p>The Team expect this to be fully complete by the end of the month, with the responsibility moving forwards of updating this resting with each of the secretariats.</p> <p>For additional context, in order to avoid duplication, the solution the team has come up with is a single SharePoint that links to the 4 boards. However, as the OSGB and the H&WB already provide the information members want to see on their external sites, the team has decided to just link that information. Greener Future and the Thriving Communities Board however, will have the information hosted within the Sharepoint site and so those are the secretariats we have been mainly in dialogue with.</p>	March 2024

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Page 18					<p>An update to be provided at the end of February with the result.</p> <p>(Update by Committee Manager on 20 December 2023: the link will be circulated to members as soon as this is set up.</p> <p>Update provided by the Strategic Lead - Strategy and Policy on 26 October 2023:</p> <p>Approval has been received from the chairs of One Surrey Growth Board, Greener Futures Board and the Thriving Communities Board to make the agendas, minutes and membership lists of the non-statutory boards available to all Members. It has been agreed that officers will create a dedicated SharePoint space where these papers will be saved and the link will be circulated to members as soon as this is set up. As the Surrey Forum provides a more discursive, advisory setting, often sitting in workshop mode, it will not be publishing its agenda, minutes or membership list.)</p>	
A16/23	12 July 2023	External Audit Plan 2022/23	The Grant Thornton representative will confirm whether PSAA has approved the proposed audit fee for 2022/23.	Grant Thornton representative	<p>Extract from minutes of January's (2024) Committee meeting:</p> <p>The Grant Thornton representative noted that they were still waiting for Public Sector Audit Appointments (PSAA) to approve the proposed 2022/23 audit fee, that was done on a quarterly cycle.</p> <p>(Update provided by the Strategic Finance Business Partner on 9 January 2024:</p>	TBC

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					It is understood that the fees quoted in Annex A are yet to be agreed by PSAA. (Grant Thornton to provide an update at January's Committee meeting.)		
Page 19	A17/23	12 July 2023	Whistleblowing Annual Report	The two recommendations for improvement made by the Committee will be incorporated into next year's Whistleblowing Annual Report. <ul style="list-style-type: none"> • That existing employees alongside new employees would be asked to sign the Code of Conduct too. • That the headcount figures regarding the whistleblowing cases be updated to include other employees such as those in schools and contractors. 	Head of Insight, Programmes and Governance	July 2024	
	A18/23	12 July 2023	Whistleblowing Annual Report	The Head of Insight, Programmes and Governance will ensure that next year's Whistleblowing Annual Report includes the comparison of how other councils track their grievances as well as their whistleblower cases.	Head of Insight, Programmes and Governance	July 2024	
	A32/23	22 November 2023	LGSCO Annual Letter and Complaints Handling Update	The Customer Relations Team Manager will look to provide a dashboard or Key Performance Indicator within the complaints annual report going forward setting out the year-on-year comparison regarding the volume of financial remedies to enable the evaluation of improvements being made.	Customer Relations Team Manager	Information provided by the Customer Relations Team Manager on 8 January 2024: This will be included going forward beginning with the Annual Report due in 2024.	June 2024

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Page 20	A33/23 22 November 2023	LGSCO Annual Letter and Complaints Handling Update	The Head of Customer Services will share the document which set out the parameters of the Task and Finish Group.	Head of Customer Services	<p>Update provided on 20 February 2024:</p> <p>The Head of Customer Services sends her apologies, requesting that she defers her item to the next available meeting please (June's Committee) - it had already been deferred from January's Committee to March. This is because she is unable to provide a detailed update currently. The outcome report has now been received and is being shared with Michael Coughlin as Director Customers and Communities. She and the Customer Relations Team Manager anticipate being able to share the full update at the next A&G Committee and respectfully, request that the item is postponed to the next available date. In the interim they can confirm that the Senior Complaints Practice Lead role, has been confirmed and recruitment is in progress.</p> <p>(Information provided by the Customer Relations Team Manager on 8 January 2024:</p> <p>The report was commissioned by the Corporate Leadership Team (CLT) to review the organisation-wide approach to complaints handling in response to SCC's performance against key performance indicators (KPIs). Specific concerns were raised about timeliness of complaint responses and escalations to the Ombudsman. More details are contained within the outcome report and will be shared at Committee in March 2024.)</p>	June 2024
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Audit & Governance Committee – Recommendations Tracker

13 March 2024

A35/23	22 November 2023	LGSCO Annual Letter and Complaints Handling Update	The Committee Manager will add an item to the work plan for the next Committee meeting in January where officers will present the results of the Task and Finish Group.	Committee Manager	The item has been deferred to June's Committee, see reason under action A33/23.	June 2024
A38/23	22 November 2023	Annual Governance Statement Half Year Update	The Director - Law and Governance will provide an update on health integration and how it was improving.	Director - Law and Governance	The Director - Law and Governance is liaising with the Public Health team to provide an update prior to the March Committee.	March 2024

COMPLETED RECOMMENDATIONS/REFERRALS/ACTIONS – TO BE DELETED

Page 21

A6/23	5 June 2023	Questions and Petitions	The Director of Law and Governance will note the member of the public's suggestion of consideration to be given to positive feedback of nil return, as part of the report to be received later in the year concerning Members' and officers' declarations of gifts and hospitality.	Director of Law and Governance	<p>Director of Law and Governance reported on the matter in the Ethical Standards Annual Review 2023-24 report (March), see item 8, paragraph 29.</p> <p>(Update provided by the Director of Law and Governance on 13 November 2023:</p> <p>Following the introduction of unit 4, online systems to record officer declarations of interest and gifts and hospitality are currently being implemented with a communication to all officers scheduled for early December. It is proposed that a new, annual report on Member and officer declarations of interests and gifts and hospitality, be incorporated into the annual report on ethical standards to the Committee which is timetabled for March 2024.)</p>
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Audit & Governance Committee – Recommendations Tracker

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A15/23	12 July 2023	External Audit Plan 2022/23	The External Audit Update Report scheduled for November will include a separate report on the Value for Money (VfM) arrangements.	Grant Thornton representative	The Value for Money assessment was included in the Audit Findings Report 2022/23 as part of the Statement of Accounts item reported to the Committee in January 2024.
A1/24	17 January 2024	Recommendations Tracker and Work Plan	The Committee Manager will provide to officers the letter/details of the complaint from the school in the Committee Member's division where serious issues had not been resolved such as several staff members with payments still outstanding.	Head of Business Services	The Committee Manager provided a response to the Committee Member on 14 February 2024 from the Head of Business Services.
A2/24	17 January 2024	Treasury Management Strategy Statement 2024/25	Regarding Annex 1, paragraph 2.25 on Environmental Sustainability, the Strategic Finance Business Partner (Corporate) will find out where that work is shared regarding the reporting of carbon impacts of the Capital Programme.	Strategic Finance Business Partner (Corporate)	The Greener Futures Team take an annual carbon report to Cabinet. In addition, the Capital Programme Panel are amending the capital business case template to ensure carbon impacts are captured for capital schemes.
A3/24	17 January 2024	Treasury Management Strategy Statement 2024/25	Regarding Annex 1, paragraph 3.8 around Commercial Investments: Property, the Strategic Finance Business Partner (Corporate) will review the figures in Table 7 around the expected gain for Retail.	Strategic Finance Business Partner (Corporate)	The forecast gain was mis-labelled and actually related to anticipated capital expenditure in future years. The table was updated prior to being approved by Cabinet and Council.

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A4/24	17 January 2024	Treasury Management Strategy Statement 2024/25	The Strategic Finance Business Partner (Corporate) will review the numbering and lettering of the various annexes.	Strategic Finance Business Partner (Corporate)	Amended for the final version presented to Cabinet and Council.
A5/24	17 January 2024	Statement of Accounts 2022/23	The Strategic Finance Business Partner (Corporate) will share with the external auditors the request for the Committee to receive the audit plan from them at the March Committee meeting.	Strategic Finance Business Partner (Corporate)	<p>The new external auditors continue to carry out their initial independence checks. Until these are complete, they cannot begin liaison with the council in order to understand key risks to inform the audit plan. Initial discussions suggest that the audit planning phase will commence in March and therefore the External Audit Plan will be brought to the Committee for consideration in June.</p> <p>Verbal update to be provided at the March Committee.</p>

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AUDIT & GOVERNANCE COMMITTEE - WORK PLAN 2024

17 January 2024		
TREASURY MANAGEMENT STRATEGY STATEMENT 2024/25	This report sets out the Council's Treasury Management Strategy for 2024/25, as required, to ensure compliance with the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code)	Strategic Finance Business Partner / Strategic Capital Accountant
Deferred from November 2023 STATEMENT OF ACCOUNTS 2022/23	To approve the 2022/23 Statement of Accounts, including the external auditor's Final Audit Findings Report.	Chief Accountant (Corporate) / Grant Thornton
2022/23 AUDIT REPORTS AND ANNUAL STATEMENT OF ACCOUNTS FOR SUBSIDIARIES OF SURREY COUNTY COUNCIL	Annual accounts to be presented.	Commercial Finance Team – Strategic Finance Business Partner
EXTERNAL AUDIT: AUDITOR'S ANNUAL REPORT 2022/23	The Council's external auditors present their Annual Audit Report, replacing the below item.	Chief Accountant (Corporate) / Grant Thornton
EXTERNAL AUDIT: ANNUAL AUDIT LETTER	The Council's external auditors present their Annual Audit Letter	Director – Corporate Finance/ Grant Thornton

13 March 2024		
INTERNAL AUDIT PROGRESS REPORT - QUARTER 3	The purpose of this progress report is to inform Members of the work completed by Internal Audit during Q3.	Chief Internal Auditor/ Audit Manager
INTERNAL AUDIT STRATEGY AND ANNUAL AUDIT PLAN 2024/25	To receive the strategy and the plan for 2024/25.	Chief Internal Auditor/ Audit Manager
ETHICAL STANDARDS ANNUAL REVIEW 2023-24	To enable the Committee to monitor the operation of the Members' Code of Conduct over the course of the last year. To include sections on: (for review)	Director of Law and Governance / Head of Insight, Programmes and Governance

	<ul style="list-style-type: none"> - Gifts and Hospitality Register - Member Declarations of Interest 	
New item APPOINTMENT OF INDEPENDENT MEMBER TO THE AUDIT AND GOVERNANCE COMMITTEE	A recruitment exercise is underway, a report be presented to the Committee to make recommendations to a future Council meeting, to formally appoint the Independent Member.	Director of Law and Governance
RISK MANAGEMENT	To receive an update on Risk Management (March & September).	Head of Strategic Risk
New item VOTE OF THANKS TO RETIRING INDEPENDENT MEMBER	The Chairman to report.	Chairman

5 June 2024

5 June 2024		
2023/24 TREASURY MANAGEMENT OUTTURN REPORT	This report summarises the council's treasury management activity, as required to ensure compliance with CIPFA. The report will include the latest risk register for Treasury Management.	Strategic Finance Business Partner
Deferred from January and March 2024 REPORT OF THE COMPLAINTS TASK AND FINISH GROUP	The Committee to receive the results of the Task and Finish Group - action from November's (2023) Committee meeting.	Customer Relations Team Manager/Head of Customer Services
ANNUAL COMPLAINTS PERFORMANCE REPORT	To give the Audit & Governance Committee an overview of the Council's complaint handling performance in 2023/24 and to demonstrate how feedback from customers has been used to improve services.	CFL Customer Relations Manager Assistant Director - Registrations, Coroner's Service & Customer Strategy
EXTERNAL AUDIT PLAN 2023/24	The Council's external auditors to present their Audit Plan in respect of Surrey County Council.	Chief Accountant (Corporate) / EY

SURREY PENSION FUND EXTERNAL AUDIT PLAN 2023/24	To provide the Committee with an update on the process for undertaking the external audit of the 2023/24 Surrey Pension Fund.	Chief Accountant (Corporate) / EY
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10 July 2024		
2023/24 DRAFT ANNUAL GOVERNANCE STATEMENT	This report presents the draft Annual Governance Statement, which summarises the Council's governance arrangements for the financial year.	Director of Law and Governance / Senior Finance Business Partner
WHISTLEBLOWING ANNUAL REPORT	The Committee to receive the report for information.	Director of Law and Governance / Head of Insight, Programmes and Governance
DRAFT STATEMENT OF ACCOUNTS 2023/24	To receive the report.	Chief Accountant (Corporate)
INTERNAL AUDIT ANNUAL REPORT AND OPINION 2023-24 (including Quarter Four progress report)	This report summarises the work of Internal Audit, identifying the main themes arising from the audit reviews and the implications for the County Council.	Chief Internal Auditor/Audit Manager
COUNTER FRAUD ANNUAL REPORT 2023/24	To receive the annual report.	Chief Internal Auditor/Audit Manager - Counter Fraud

11 September 2024		
RISK MANAGEMENT	To receive an update on Risk Management (March & September).	Head of Strategic Risk
INTERNAL AUDIT PROGRESS REPORT – Q1	The purpose of this progress report is to inform Members of the work completed by Internal Audit during Quarter 1.	Chief Internal Auditor/Audit Manager

20 November 2024		
LGSCO ANNUAL LETTER AND COMPLAINTS HANDLING UPDATE	To give the Audit & Governance Committee an overview of the Local Government and Social Care Ombudsman's annual letter for the year 2023/24 and an update on complaint handling across the council.	Assistant Director – Assistant Director - Registrations, Coroner's Service & Customer Strategy
6 MONTH COMPLAINTS PERFORMANCE UPDATE REPORT 2024/25	To receive a half year update report on the operation of the Council's complaints procedures.	Customer Relations & Service Improvement Manager
ANNUAL GOVERNANCE STATEMENT - HALF YEAR UPDATE	This report provides an update on progress on the improvement areas identified in the 2022/23 Annual Governance Statement.	Director - Law & Governance/CEX
STATEMENT OF ACCOUNTS 2023/24	To approve the 2023/24 Statement of Accounts.	Chief Accountant (Corporate)
EXTERNAL AUDIT UPDATE REPORT	To receive an update from the council's external auditors.	EY
TREASURY MANAGEMENT MID YEAR REPORT 2024/25	This report summarises the council's treasury management activity.	Director - Corporate Finance
INTERNAL AUDIT PROGRESS REPORT - Q2	To report on Internal Audit progress during quarter 2.	Chief Internal Auditor/ Audit Manager

Audit & Governance Committee
13 March 2024

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Internal Audit Progress Report – Quarter 3 (01/10/23 - 31/12/23)

SUMMARY AND PURPOSE:

The purpose of this progress report is to inform Members of the work completed by Internal Audit between 1 October 2023 and 31 December 2023.

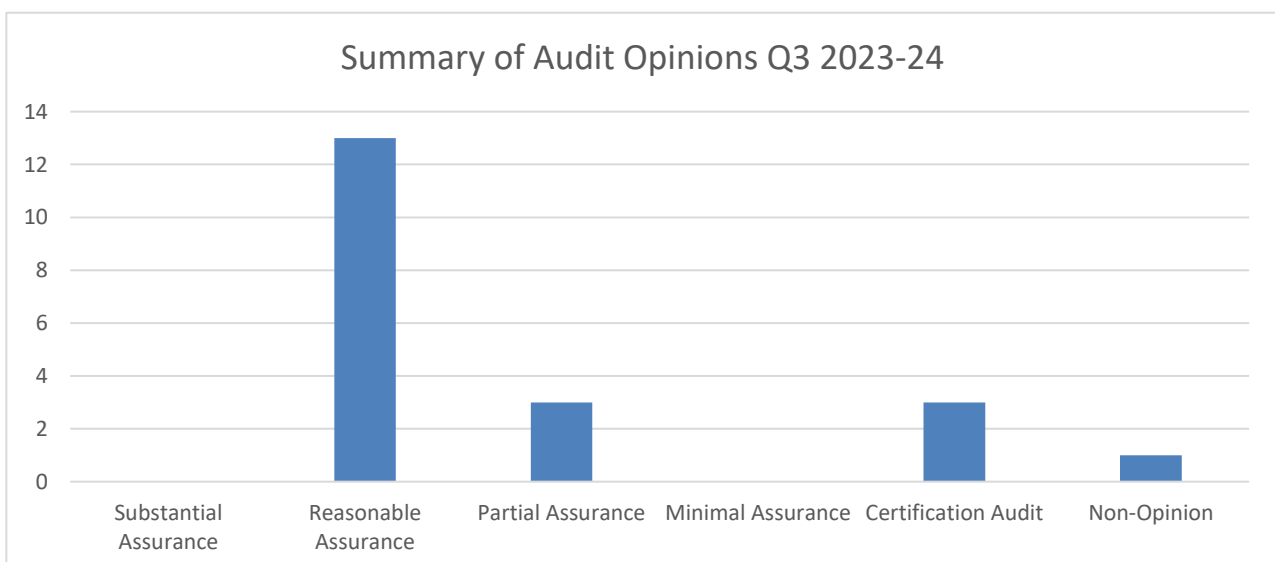
The current annual plan for Internal Audit is contained within the Internal Audit Strategy and Annual Plan 2023-24, which was approved by this Committee on 8 March 2023.

RECOMMENDATIONS:

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

BACKGROUND:

1. Key audit findings from final reports issued during Quarter 3 are summarised in Appendix A.
2. Reviews completed in this quarter included a mixture of planned and unplanned audits, schools audit, grant certification work, and irregularity work. Overall, of the 20 formal assignments finalised during the quarter (excluding irregularity work), none received 'substantial assurance', 13 received 'reasonable assurance' (including 8 schools), 3 received 'partial assurance' (including 1 school), and 3 were grant certification assignments. There was also 1 report issued in the period without an opinion. 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.



Wherein our four levels of audit opinion are defined as follows:

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.

- Members will recall that flexibility was built into the audit plan to allow resources to be directed to any new and emerging risks.
- Appendix A to the report also provides details of counter fraud investigations completed, audits added and removed from the plan in the period, information on the tracking of high priority actions, and progress against our performance targets.

IMPLICATIONS:

- Financial;
Equalities;
Risk management; and
Value for money
- There are no direct implications (relating to finance, equalities, risk management or value for money) arising from this report.

WHAT HAPPENS NEXT:

- See Recommendations above.

Report Author: Russell Banks, Orbis Chief Internal Auditor
David John, Audit Manager (Surrey County Council)

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Sources/background papers:

Internal Audit Strategy and Annual Audit Plan 2023/24

Annexes/Appendices:

Appendix A - Internal Audit and Counter Fraud Quarter 3 Progress Report 2023/24

Internal Audit and Counter Fraud Quarter 3 Progress Report 2023/24

CONTENTS

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

Schools Alliance for Excellence (SAfE) Contract

- 1.1 In 2019 Schools Alliance for Excellence (SAfE) was commissioned by the Council to deliver the Council's statutory school improvement function, working in partnership to identify schools who need support and challenge. The original contract value was £2.89m, extended by one further year with an additional cost of c.£722k.
- 1.2 The aim of our audit was to provide assurance that controls were in place and operating as expected to manage key risks, in particular that:
- Governance arrangements to manage the contract were robust;
 - Performance management ensured that the contract specification was delivered;
 - Procedures were in place to ensure that all payments were made correctly in accordance with contract terms; and
 - Contract variations were agreed and processed correctly.
- 1.3 Key findings from our audit were that:
- Activity to monitor supplier payments was not routinely undertaken to ensure the accuracy of payments made to the supplier for core contractual spend;
 - A process did not exist to record variations to the contract;
 - There was no risk register or other means of identifying and managing risk;
 - There was no contract segmentation in place to ensure that activities to manage the contract were proportionate;
 - No robust Key Performance Indicators (KPIs) were in place; and
 - An effective means for the secure transfer of data between the Council and the provider needed to be developed to protect against data breaches.
- 1.4 We did identify that a robust assessment of all schools was undertaken termly, and that it was evident that there was a focus on maintaining a strong relationship with the supplier to ensure that a continuing level of service was provided.
- 1.5 Based on our findings, we were only able to provide an opinion of **Partial Assurance**. We have agreed nine actions with management (seven of medium priority, two of low) to address the weaknesses identified. We will undertake a follow-up audit in this area in our 2024/25 plan to check that the expected improvements have been implemented.

Unofficial School Funds

- 1.6 Unofficial school funds (USFs) include donations from parents and money raised by a school that are completely independent of delegated funds received through the Council. This review complemented our programme of school audits in which a number of schools had received recommendations relating to the management of their USF.

- 1.7 The purpose of the audit was to provide assurance that controls were in place to meet the following objectives:
- There were clear and robust policies and/or guidance in place to manage USFs;
 - Schools adhered to the policies and guidance in place, thereby managing financial risk and reducing the risk of inappropriate use or fraud; and
 - There was effective governance in place, with mechanisms to enable adequate oversight of the funds by those charged with that responsibility.
- 1.8 Whilst recognising that there is a policy for managing USF defined within the Schools Finance Manual, we concluded that the level of assurance that these processes give the Council is limited even where schools are compliant with them.
- 1.9 Our key findings included:
- Whilst schools instruct independent examiners to conduct an annual review of USF accounts, in practice there is little assurance gained from current processes;
 - After presenting the resultant certificate of inspection to their Governing Board, a sample of schools are then required to return this certificate to Schools Finance for review. The process for following up on non-compliant schools is not robust, and such schools may be left unchallenged;
 - In addition, schools submit no further supporting evidence than the certificate. This offers little assurance as it does not identify balances, nor detail how the inspection has been conducted;
 - Wording within the current guidance is ambiguous in places and could lead to individual interpretation that circumvents proper control; and
 - The level of oversight within the Council of current USF balances is lacking. At the most basic level the Council is unaware of how many USF accounts exist across maintained schools and as such their respective values are also unknown.

Whilst the responsibility for maintaining USFs rests with maintained schools, the reputational risk when funds are mismanaged is still borne by the Council. There may also be associated costs with supporting investigations and potential court action that fall onto the Council in the event that a criminal investigation is required.

- 1.10 The output of our audit was to suggest more robust processes, supported by redesigned templates and returns, to improve controls within this area and give far greater accountability and transparency over these balances.
- 1.11 Overall, we concluded our review with an opinion of **Partial Assurance**, agreeing three actions with management (two of high priority, one of medium priority). We will follow-up this audit to assess the impact of these implemented actions on the control environment.

Surrey County Council Companies - Governance Arrangements

- 1.12 Local Authority Trading Companies (LATCOs) are bodies that are free to operate as commercial companies but remain wholly owned and controlled by the parent council. The Council has four wholly owned LATCOs; Hendeca Group Limited, Surrey Choices Limited, Halsey Garton Residential Limited, and Halsey Garton Property Limited.
- 1.13 The purpose of the audit was to provide assurance that controls were in place to meet the following objectives:
- Robust governance arrangements were in place for each LATCO;
 - Roles and responsibilities for those charged with governance were defined, appropriate and enacted;
 - The Council holds sufficient influence to ensure that the LATCOs continue to operate in line with its strategic interests and objectives; and
 - Performance information was provided and scrutinised effectively.
- 1.14 Key findings from our review included:
- The operations of the LATCO are overseen by the two governance boards, Shareholder Investment Panel (SHIP) and a member-led Strategic Investment Board (SIB);
 - A review of recent activity of both of these boards provided assurance that they were operating as expected in terms of their scrutiny and oversight of activity;
 - A review of key company documentation provided assurance that the expected Articles of Association were in place for each LATCO;
 - A review of the composition of LATCO boards found that they all included a representative from Council, as required. We also concluded that these officers had the appropriate skills and experience to undertake this role effectively; and
 - A review of recent board minutes for our sample of LATCO's provided assurance that decision-making was compliant with the agreed process.
- 1.15 We noted that there was no formal guidance in place to support officers in undertaking their roles, and that said officers had not completed declarations of interest for their board roles.
- 1.16 Overall, we formed a final opinion of **Reasonable Assurance**, agreeing 1 medium priority action with management to improve the control environment.

Surrey Fire & Rescue Service (SFRS) Contract Management Arrangements Follow-Up

- 1.17 An original audit of SFRS Contract Managements Arrangements was completed in April 2023, which gave an audit opinion of Partial Assurance. In line with our follow-up protocol we undertook a follow-up review to examine progress made since actions were agreed.
- 1.18 We raised three high priority action during the previous review relating to;
- The contracts register;

- Supplier financial checks; and
- Spend against contracts.

Together with five medium priority actions relating to;

- Contract manager training;
- Contract management plans;
- Review of performance and progress reports;
- Social value; and
- Contract documentation.

1.19 We were able to improve our opinion to **Reasonable Assurance** over the controls operating within this area because our review established that the previously agreed actions have been implemented. We have not given a higher level of assurance as, whilst the direction of travel is positive, there remain ongoing actions to secure all of the anticipated improvement, including regular training for contract managers.

Pension Fund Cyber Security Arrangements

1.20 The objective of this audit was to provide assurance that the Surrey Pension Fund has sufficient controls in place and complies with the Pension Regulator's cyber security principles for pension schemes, which provides guidance over the following areas:

- Governance;
- Control;
- Incident response; and
- Managing evolving risk.

1.21 This audit was carried forward from the 2022/23 audit plan to allow the service time to move its pension system hosting arrangements to the cloud.

1.22 After considering all the current cyber security measures in place for the Pension Fund, we concluded that there was a high level of compliance with the principles set out by the Pension Regulator. Among the key findings, we found that:

- There were adequate business continuity arrangements in place to manage an incident, currently using the Finance Business Continuity Plan, but with a Pension specific plan being developed;
- Frequent backups are made to both online and offline servers to help ensure that if an attack were to occur, members and the funds data would still be accessible;
- Cyber security risks within the pension fund are reviewed every quarter to ensure that they are up to date; and
- There are controls in place to help prevent unauthorised access to the Pension Fund's systems and data.

- 1.23 However, we also identified that there could be improvement to the cyber security training offered to Pension Fund staff, which occurs during initial induction but not on a recurring basis.
- 1.24 Overall, we concluded our review with an overall opinion of **Reasonable Assurance**, with one medium priority action being agreed with management to address the identified weakness.

SFRS Customer Relationship Management (CRM) System

- 1.25 SFRS have recently procured a CRM system ('Infographics') to store all information relating to service-related visits to sites across the county.
- 1.26 The purpose of our audit was to provide assurance over governance of the project to implement the new system and specifically that controls were in place against the following objectives:
- Project documents clearly defined the objectives of the project;
 - The roles and responsibilities of all key stakeholders were defined;
 - An assessment had been undertaken to identify, evaluate and manage risks;
 - Effective quality and cost controls were in place; and
 - Reporting and communication accurately reflected the position of the programme.
- 1.27 A summary of key findings identified:
- A review of governance processes found that stakeholders were consulted as part of project development, with roles and responsibilities clearly defined;
 - There were clear processes in place for the escalation of project developments and changes, with technical support available from the solutions provider;
 - A risk register had been established;
 - A communication plan was in place as part of the Project Initiation Document; and
 - The budget was subject to effective financial monitoring.
- 1.28 We also identified areas for improvement, including the need for all formal documentation to be put through the correct approval mechanisms, and revision to the way that owners of, and mitigating actions for, risks were being recorded.
- 1.29 Overall, we concluded a final opinion of **Reasonable Assurance**, with three medium priority actions being agreed with management to address the issues noted above.

Adult Social Care Data Handling

- 1.30 It is important for organisations to ensure that data is retained, handled, and held securely over its entire life cycle. Adult Social Care staff use a number of tools to obtain

records relating to the service users in a digital format, including audio recording and video recording, photographs, etc.

- 1.31 The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:
- Clear roles and responsibilities were in place to ensure accountability for data;
 - There were documented retention and disposal procedures to include provision for permanent preservation of archival material, and secure disposal of information at the end of its life;
 - Processes and procedures existed to ensure information was safe from accidental alteration or erasure, and to support management in decision-making; and
 - Clear policy, guidance and training was available to officers relating to the handling of personal and/or sensitive information.
- 1.32 Our review found evidence that existing controls and processes largely addressed the expected control objectives. Our audit identified some areas for improvement, however, including:
- The need to identify a responsible officer to delete data held digitally at the end of its retention period; and
 - Updating guidance to staff explaining how to manage geolocation within photos and videos, which has the potential of putting service users at risk if their location is shared within photos or videos through Freedom of Information or Subject Access Requests.
- 1.33 Overall we were able to give an opinion of **Reasonable Assurance**, agreeing two actions with management (one of medium priority, one of low priority) to address these issues.

Other Audit Activity

Jointly Commissioned Expenditure

- 1.34 We supported management in the review of expenditure incurred during the delivery of a number of projects forming part of the transformation programmes for Mental Health and Learning Disability & Autism, delivered across the Surrey Heartlands Integrated Care System.
- 1.35 Questions about the transparency of decisions to commit elements of these funds had arisen, and it was unclear whether existing contractual arrangements with the provider covered this work sufficiently. Our work identified no impropriety but did identify potential weaknesses in the governance arrangements for the joint commissioning of work between the NHS and the Council that existed at this time.

1.36 These joint arrangements had since been updated, and it was agreed that there would be value in Orbis Internal Audit reviewing them as part of our 2024/25 plan.

School Audits

1.37 We continue to provide assurance over individual school control environments and improve our level of engagement with key stakeholders through liaison meetings.

1.38 We have a standard audit programme for all school audits, designed to provide assurance over key aspects within the control environment, including:

- Good governance ensures oversight and challenge by the Governing Board;
- Decision-making is transparent, well documented and free from bias;
- The school is able to operate within its budget through effective financial planning;
- Unauthorised people do not have access to pupils, systems or the site;
- Staff are paid in accordance with the schools pay policy;
- All unofficial funds are held securely and used in appropriately;
- All income due to the school is collected, recorded, and banked promptly.
- Expenditure is controlled and funds used for an educational purpose; and
- Security arrangements keep data and assets secure.

1.39 School audits continue to be carried out through a combination of remote working and physical visits.

1.40 A total of nine school audits were delivered in quarter three, and the table below shows a summary of the final level of assurance reported to them.

Name of School	Audit Opinion
Thames Ditton Infant School [Thames Ditton]	Partial Assurance
Horsell Church Of England Aided Junior School [Woking]	Reasonable Assurance
Dormansland Primary School [Lingfield]	Reasonable Assurance
Trinity Oaks Church of England Primary [Horley]	Reasonable Assurance
Chertsey Nursery School [Chertsey]	Reasonable Assurance
Clifton Hill Church School [Caterham]	Reasonable Assurance

Name of School	Audit Opinion
Reigate Parish Church Primary School [Reigate]	Reasonable Assurance
Bell Farm School [Walton On Thames]	Reasonable Assurance
Ash Manor School [Ash]	Reasonable Assurance

1.41 We aim to undertake follow-up audits at all schools with Minimal and most schools with Partial Assurance opinions. Only one such opinion was delivered in this quarter.

1.42 Where we identify common themes arising from school audits, and to help build awareness of those potential areas for improvement, such findings are flagged for inclusion in Internal Audit School Bulletins. Communications such as these, alongside the reports themselves, provide schools with insight and recommendations that can enable them to proactively strengthen their control environments. Common themes identified this quarter include:

- School staff should be encouraged to declare any relevant interests;
- Purchase orders should be raised in advance, to agree costs and commit the expenditure to the budget;
- Financial reports sent to Governing Boards should include Cumulative Expense Analysis, to strengthen financial oversight; and
- Contracts registers should be maintained for effective contract management.

Grant Claim Certification

1.43 During quarter three we successfully certified and returned three grant claims in accordance with Central Government auditing requirements:

- Local Authority Delivery (LAD3) Closeout Grant - £5,009,468
- Bus Operators Subsidy Grant - £1,124,405
- Supporting Families Grant (third claim of 2023/24) - £248,800

2. Counter Fraud and Investigation Activities

Counter Fraud Activities

- 2.1 We have continued to liaise with the relevant services to provide advice and support in processing the matches received as part of the National Fraud Initiative.
- 2.2 The team have carried on monitoring intel alerts and shared information with relevant services when appropriate. In addition, advice and support was provided to services in several cases that did not ultimately require internal audit investigation.

6 *Summary of Completed Investigations*

Conflict of Interest: Working Whilst Sick

2.3 Following concerns raised by management we carried out an investigation to confirm whether an employee had undertaken paid employment while signed off sick from work. The investigation identified that the employee had recently set up a football coaching business. A report summarising our findings was issued to management for them to consider whether the actions breached the guidance around expected conduct. Management determined that the coaching was not in conflict with the officer’s role, and no further action was taken.

3. Action Tracking

3.1 As part of our quarterly progress reports to Audit and Governance Committee we seek written confirmation from services that all high priority actions due for implementation are complete. Where follow-up audits are undertaken, we reassess the progress of all agreed actions (low, medium and high priority). Periodically we may also carry out random sample checks against all priorities of actions.

3.2 At the end of the third quarter of 2023/24, 100% of high priority actions due had been fully implemented (or rescheduled dates for their implementation were agreed).

4. Amendments to the Annual Audit Plan

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

Additional Audit	Rationale for Addition
Disposal of Land and Property	Following an unsubstantiated allegation about undeclared conflicts of interest among staff working in this area, a full review of the disposals process for land and buildings was commissioned.
Woodhatch Secure Storage Room Access	One of the IT&D secure rooms in Woodhatch was accessed by an on-site contractor when such access should not have been authorised. We were asked to review the control environment to address any potential weaknesses.

<p>Education, Health and Care Needs Assessments (EHCNAs) Communication Protocol</p>	<p>Following the provision of information regarding the second phase of the 'Education, Health and Care Plan Timeliness Recovery Plan' in October 2023, we were asked by the Children, Families, Lifelong Learning and Culture Select Committee to audit of a sample of responses from the Council's four quadrant-based teams handling communication to professionals, parents, and schools to ensure they were compliant in terms of timeliness with the stated protocol.</p>
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4.2 All of the new additions to the plan have been resourced through a combination of available contingencies and time recouped from reprioritised audit work, including (where appropriate) cancelled audits.

4.3 There have been four audits deferred from the plan in this quarter, as detailed below.

Postponed / Removed Audit	Rationale for Postponement / Removal
<p>Procurement Regulatory Changes</p>	<p>The expected changes have not been implemented by Government yet, so this work will be undertaken as part of our 2024/25 audit plan.</p>
<p>Integrated Care Systems Governance Arrangements</p>	<p>Following delays changes to the expected changes to arrangements, this audit has been deferred into our 2024/25 annual plan.</p>
<p>Capital Budgetary Control</p>	<p>This audit is not one of the agreed Key Financial Systems to be covered in our initial reviews within MySurrey, and has therefore been deferred into our 2024/25 annual plan.</p>
<p>PLANON Support</p>	<p>Support not deemed to be necessary in light of other risks.</p>

4.4 We will continue to keep the resources available under review as the year progresses.

5. Internal Audit Performance

5.1 In November 2023 we updated our self-assessment against the PSIAS standards and concluded we were fully compliant with 319 of the standards and partially compliant with the other 2 standards (in both cases proportionate arrangements remain in place).

5.2 We also completed our Quality Review exercise in November 2023, with no major areas of non-conformance being identified. The need to ensure consistency in the quality of the evidence contained within a small number of audit working papers was identified, and this will be addressed at auditor development days we will be running during 2024/25.

5.3 In addition to the annual self-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 of 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 2023	G	Approved by Audit Committee on 8 March 2023
	Annual Audit Report and Opinion	By end July 2023	G	2022/23 Annual Report and Opinion approved by Committee on 12 July 2023
	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	Annual: 90% Q3 end: 67.5%	A	At Q3 we have achieved delivery of 61.5% of the annual plan to draft report stage. Given the high volume of work in progress at the end of the quarter we remain reasonably confident of meeting our target of 90% by the end of the year.
Compliance with Professional Standards	Public Sector Internal Audit Standards	Conforms	G	Dec 2022 - External Quality Assurance completed by the Chartered Institute of Internal Auditors (IIA). Orbis Internal Audit assessed as achieving the highest level of conformance available against professional standards with no areas of non-compliance identified, and therefore no formal recommendations for improvement arising. In summary the service was assessed as: <ul style="list-style-type: none"> Excellent in: Reflection of the Standards

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
				Focus on performance, risk and adding value <ul style="list-style-type: none"> • Good in: Operating with efficiency Quality Assurance and Improvement Programme • Satisfactory in: Coordinating and maximising assurance
	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%
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.

Audit & Governance Committee
13 March 2024

Internal Audit Strategy and Annual Audit Plan 2024/25

SUMMARY AND PURPOSE:

The purpose of this report is to present the Internal Audit Strategy and Annual Audit Plan for 2024/25 to the Committee.

Under-pinning the work of the Orbis Internal Audit Service in delivering the Annual Audit Plan are the key principles and objectives as set out in the Internal Audit Strategy and Charter. These are presented alongside the Annual Audit Plan for 2024/25 as good practice dictates that these should be updated and reviewed on an annual basis.

RECOMMENDATIONS:

Members are asked to consider the contents of this report and Appendices, and to approve the following:

- (i) The Internal Audit Strategy (Annex A)
- (ii) The Internal Audit and Corporate Fraud Plan (Appendix A)
- (iii) The Internal Audit Charter (Appendix B)

BACKGROUND:

1. The statutory basis for Internal Audit in local government is provided in the Accounts and Audit Regulations 2015, which require a local authority to “*undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes*”.
2. The Accounts and Audit Regulations contain the expectation that Internal Audit will take into account public sector internal audit standards or guidance. The Audit and Governance Committee recognises the mandatory nature of the Public Sector Internal Audit Standards (PSIAS), which came into effect on 1 April 2013 (and revised 1 April 2017).

Internal Audit Strategy and Annual Audit Plan

3. The Internal Audit Strategy details the priorities for delivering an effective internal audit and counter fraud service together with details of the quality assurance and performance management arrangements for the coming year.
4. Through approving the Orbis Internal Audit Strategy alongside the Annual Audit Plan for 2024/25, the link between the work of Internal Audit and the high-level strategic vision of the Council is apparent.

Development of the Internal Audit Plan

5. The Internal Audit Plan for 2024/25 is a risk-based programme of work, as set out at Appendix A. There are several core elements to the Internal Audit Plan that are likely to feature each year such as:
- (i) Reviewing corporate governance arrangements to inform the Annual Governance Statement;
 - (ii) Grant certification; and
 - (iii) Counter fraud activity, including participation in the National Fraud Initiative (NFI)

In addition to these elements, Internal Audit also carries out testing on an annual basis of the Council's key financial systems.

6. Once these core elements of the Plan and follow up reviews are accounted for, the remaining audits shown in the proposed Plan have been included based on a risk priority which has been assessed following:
- (i) Consultation with:
 - a. Executive Directors and other senior officers
 - b. S151 Officer
 - c. The Audit and Governance Committee
 - (ii) Consideration of risk registers
 - (iii) Liaison with partners from East Sussex County Council and Brighton and Hove City Council within the overall Orbis Internal Audit partnership
 - (iv) Other Local Authority Internal Audit services through regional and national networking
7. The draft Plan was also presented at a meeting of the Corporate Leadership Team on 27 February 2024 and has been agreed by the Section 151 Officer at Resources Directorate Leadership Team on 1 March 2024.
8. The Chief Internal Auditor is confident that the draft Internal Audit Plan at Appendix A provides sufficient coverage across the Council's activities to enable him to form an overall opinion on the adequacy of the Council's framework of control at the end of the year.

Resources

9. The Internal Audit planned available days are as follows:

	2021/22	2022/23	2023/24	2024/25
Plan Days	1,817	1,817	1,761	1,817

10. The overall level of resource for 2024/25 has slightly increased when compared with the previous year due to the effect of filling vacancies within the service. It is considered to be sufficient to allow Internal Audit to deliver its risk-based plan in accordance with professional standards¹ and to enable the Chief Internal Auditor to provide his annual audit opinion. Additional resource, to recommence the delivery of a cyclical programme of schools' audit, was made available to Internal Audit in 2021/22

¹ Public Sector Internal Audit Standards (PSIAS)

and continues into 2024/25. It is held as a ring-fenced allocation of 225 days in addition to the 1,817 days shown above. This is described in more detail in the Internal Audit Strategy.

Internal Audit Charter (Appendix B)

11. The PSIAS require Internal Audit to have a Charter that has been formally approved and is regularly reviewed. The Charter attached at Appendix B reflects the PSIAS Local Government Application note which was published in April 2013 and has been refreshed in 2023 by the Orbis Chief Internal Auditor.

IMPLICATIONS:

12. There are no direct implications (relating to finance, equalities, risk management or value for money) arising from this report. The Annual Audit Plan is designed to focus on key areas of risk and as such should help ensure effective risk management and support the achievement of value for money.

WHAT HAPPENS NEXT:

13. The Orbis Internal Audit Service will deliver the 2024/25 Internal Audit Plan over the coming 12 months and Internal Audit reports will be produced and distributed in line with the Reporting and Escalation Policy.
14. Quarterly updates on completed audit work and performance of the service will be reported to the Corporate Leadership Team (CLT) and the Committee throughout the year.

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Sources/background papers:

None

Annexes/Appendices:

Annex A - The Internal Audit Strategy

Appendix A - The Internal Audit and Corporate Fraud Plan

Appendix B - The Internal Audit Charter

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Internal Audit Strategy and Annual Audit Plan 2024- 2025



1. Role of Internal Audit

1.1 The full role and scope of the Council's Internal Audit Service is set out within the Internal Audit Charter and Terms of Reference, attached to this Strategy as Appendix B.

1.2 The mission of Internal Audit, as defined by the Chartered Institute of Internal Auditors (CIIA), is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. Internal Audit is defined as *"an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."*

1.3 The organisation's response to internal audit activity should lead to a strengthening of the control environment, thus contributing to the overall achievement of organisational objectives.

2. Risk Assessment and Audit Planning

2.1 Surrey County Council's Internal Audit Strategy and Annual Audit Plan is updated annually and is based on a number of factors, especially management's assessment of risk (including that set out within the strategic and departmental risk registers) and our own risk assessment of the Council's major systems and other auditable areas. This allows us to prioritise those areas to be included within the audit plan based on risk.

2.2 The planning process has once again involved consultation with a range of stakeholders, to ensure that their views on risks and current issues, within individual directorates and corporately, are identified and considered. In order to ensure that the most effective use is made of available resources, and to avoid duplication and to minimise service disruption, efforts continue to be made to identify, and where possible, rely upon, other sources of assurance available. The following diagram sets out the various sources of information used to inform our 2024/25 audit planning process:



2.3 In order to ensure audit and assurance activity is properly focussed on supporting the delivery of the Council’s priorities, the audit plan has taken into account the key corporate priorities of the Council as set out within the Organisational Strategy 2023-28 and the Community Vision 2030. In particular, the four corporate priorities around the ‘no one left behind’ principle identified:

- Growing a sustainable economy so that everyone can benefit;
- Tackling health inequality;
- Enabling a greener future; and
- Empowered and thriving communities.

2.4 We have also been mindful of the ongoing programme of work to ‘Transform the Council’ around the multiple dimensions of:

- Customer Experience – making people’s dealings with the Council quicker, easier and better;
- Stronger Partnerships – focusing on building stronger and better partnerships with residents, other public services and businesses;
- Transformation and Reform – continuing the comprehensive Transformation programme to deliver efficiencies and financial stability, and improve outcomes for residents;
- Digital and Data – embracing digital solutions taking a data-driven approach to transforming services;
- Agile, Diverse and Motivated Workforce – embedding agile ways of working and providing staff with the tools and support to be high-performing and outcomes-focussed; and
- Financial Management – spending our money in the most efficient and effective ways to have the greatest impact on improving people’s lives and achieving value for money.

2.7 In producing the audit plan (which is set out in Appendix A to this report) the following key principles continue to be applied:

Surrey County Council

- Key financial systems are subject to a cyclical programme of audits covering, as a minimum, compliance against key controls. Due to delays in the go-live of the Unit 4 ERP solution ('MySurrey') that replaced the SAP system, we were unable to perform the full suite of these audits in 2023/24, and will therefore be undertaking all necessary assurance work in this area as a priority in 2024/25;
- Previous reviews which resulted in 'minimal assurance' or 'partial assurance' audit opinions will be subject to a specific follow-up review to assess the effective implementation by management of agreed actions; and
- Any reviews which we were unable to deliver during the previous financial year will be considered once again as part of our audit planning risk assessment and prioritised as appropriate.

2.7 It should be noted that the 2024/25 audit plan remains as flexible as ever. This is in part due to allow for unexpected changes to the timing of our assurance work around MySurrey, and also because of the changing nature of the risk landscape across the public sector. Given the likelihood of the plan needing to flex within the year ahead, we have identified at the end of Appendix A a number of additional audit assignments that may, on a risk-prioritized basis, be drawn into our workload if planned audits are postponed or cancelled.

2.8 In addition, formal action tracking arrangements are in place to monitor the implementation by management of all individual high-priority actions, with the results of this work reported to the Audit and Governance Committee on a quarterly basis.

2.9 Since 2018, Surrey County Council, East Sussex County Council and Brighton and Hove City Council have been working together to establish and develop the Orbis Internal Audit Partnership. In so doing, we are able to deliver high quality and cost-effective assurance services to each partner, drawing upon the wide range of skills and experience from across the various teams. The size and scale of the partnership has also enabled us to invest in specialist IT Audit and Counter Fraud services, to the benefit of each partner council and external fee-paying clients.

3. Key Issues

3.1 In times of significant transformation, organisations must both manage change effectively and ensure that core controls remain in place. In order to respond to the continued reduction in financial resources and the increased demand for services, the Council needs to consider some radical changes to its service offer in many areas.

3.2 Internal Audit must therefore be able to give an opinion and assurance that covers the control environment in relation to both existing systems and these new developments. It is also essential that this work is undertaken in a flexible and supportive manner, in conjunction with management, to ensure that both risks and opportunities are carefully considered. During 2024/25, a number of major organisational initiatives are featured within the audit plan, with the intention that Internal Audit can provide proactive advice, support and assurance as these programmes progress. These include the Council's:

- Surrey Way, Innovation, Transformation & Change (SWitCH);
Surrey County Council

- Data & Digital;
- Stronger Partnerships;
- Financial Management; and
- The Council's wider Transformation and Reform Programme.

3.3 As explained previously, in recognition of current uncertainties and that in some cases, sufficient information regarding the full extent of future changes and associated risks may not yet be known, the 2024/25 audit plan will, as in previous years, include a proportion of time classified as 'Emerging Risks'. This approach has been adopted to enable Internal Audit to react appropriately throughout the year as new risks materialise and to ensure that expertise in governance, risk and internal control can be utilised early in the change process.

3.4 The Council is embarking upon a programme to develop and enforce spending controls across directorates to promote better financial control and budget management. Within our planned audits activities, and in the utilisation of contingency time for new work, we will ensure that our audits support organisational activities and objectives to address ongoing financial challenges

3.5 In view of the above, Internal Audit will continue to work closely with senior management and Members throughout the year to identify any new risks and to agree how and where audit resources can be utilised to best effect.

3.6 Other priority areas identified for inclusion within the audit plan include:

- Delivering a cyclical programme for the audit of maintained schools, with 30-35 school audits planned for the year;
- Continued support and assurance to the Transformation Programme for Local Government Pension Scheme administration;
- Assurance activity over new and developing areas of activity such as Supply Chain Cyber Security, the new Electric Vehicles Charging Contract, revised Fleet Management arrangements, and Procurement Regulatory Changes.

3.7 The results of all audit work undertaken will be summarised within quarterly update reports to CLT and Audit and Governance Committee, along with any common themes and findings arising from our work.

4. Counter Fraud

4.1 Managing the risk of fraud and corruption remains the responsibility of management. Internal Audit will, however, be alert in all its work to risks and exposures that could allow fraud or corruption and will investigate allegations of fraud and corruption in line with the Council's Anti-Fraud and Corruption Strategy and Framework.

4.2 The Chief Internal Auditor should be informed of all suspected or detected fraud, corruption or irregularity in order to consider the adequacy of the relevant controls and evaluate the implication for their opinion on the control environment.

4.3 In addition, Internal Audit will promote an anti-fraud and corruption culture within the Council to aid the prevention and detection of fraud. Through the work of the Counter Surrey County Council

Fraud Team, Internal Audit will maintain a fraud risk assessment and deliver a programme of proactive and reactive counter fraud services to help ensure that the Council continues to protect its services from fraud loss. This will include leading on the National Fraud Initiative data matching exercise on behalf of the Council.

5. Matching Audit Needs to Resources

5.1 The overall aim of the Internal Audit Strategy is to allocate available resources so as to focus on the highest risk areas and to enable an annual opinion to be given on the adequacy and effectiveness of the Council’s governance, risk and control framework.

5.2 In addition to this, resources have been allocated to the external bodies for whom Orbis Internal Audit also provide internal audit services, at an appropriate charge. These include Horsham District Council, Hastings Borough Council, Elmbridge Borough Council, East Sussex Fire Authority and South Downs National Park.

5.3 Internal audit activities will be delivered by a range of staff from across the Orbis Internal Audit Service, maximising the value from a wide range of skills and experience available. In the small number of instances where sufficient expertise is not available from within the team, mainly in highly technical or specialist areas, the option of engaging externally provided specialist resources will continue to be considered.

5.4 The following table summarises the level of audit resources expected to be available for the Council in 2024/25 (expressed in days), compared to the equivalent number of planned days in previous years. As can be seen, the total estimated resource for 2024/25 has increased slightly compared to the previous year, and is more comparable to the preceding years, with this decision being taken on the basis of recent recruitment. The overall level of planned resource continues to be considered sufficient to allow Internal Audit to deliver its risk-based plan in accordance with professional standards¹ and to enable the Chief Internal Auditor to provide his annual audit opinion.

Table 1: Annual Internal Audit Plan – Plan Days

	2021/22	2022/23	2023/24	2024/25
Plan Days	1,817	1,817	1,761	1,817

5.5 In addition to the above, a further 225 days will be delivered in 2024/25 specifically focussing on audits of SCC maintained schools. These days will be ring-fenced as an additional resource intended to complete a programme of auditing all maintained schools across Surrey, which commenced in 2021/22.

6. Audit Approach

6.1 The approach of Internal Audit is to use risk-based reviews, supplemented in some areas by the use of compliance audits and themed reviews. All audits have regard to management’s arrangements for:

¹ Public Sector Internal Audit Standards (PSIAS)
Surrey County Council

- Achievement of the organisation's objectives;
- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations and programmes;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures and contracts.

6.2 In addition to these audits, and the advice on controls given on specific development areas which are separately identified within the plan, there are a number of generic areas where there are increasing demands upon Internal Audit, some of which cannot be planned in advance. For this reason, time is built into the plan to cover the following:

- Contingency – an allowance of days to provide capacity for unplanned work, including special audits and management investigations. This contingency also allows for the completion of work in progress from the 2023/24 plan;
- Advice, Management, Liaison and Planning - an allowance to cover provision of ad hoc advice on risk, audit and control issues, audit planning and annual reporting, ongoing liaison with service management and Members, and audit management time in support of the delivery of all audit work, planned and unplanned.

6.3 In delivering this strategy and plan, we will ensure that liaison has taken place with the Council's newly appointed external auditors, Ernst Young, to ensure that the use of audit resources is maximised, duplication of work is avoided, and statutory requirements are met.

7. Training and Development

7.1 The effectiveness of the Internal Audit Service depends significantly on the quality, training and experience of its staff. Training needs of individual staff members are identified through a formal performance and development process and are delivered and monitored through on-going management supervision.

7.2 The team is also committed to coaching and mentoring its staff, and to providing opportunities for appropriate professional development. This is reflected in the high proportion of staff holding a professional internal audit or accountancy qualification as well as numerous members of the team continuing with professional training during 2024/25.

8. Quality and Performance

8.1 With effect from 1 April 2013, all of the relevant internal audit standard setting bodies, including CIPFA, adopted a common set of Public Sector Internal Audit Standards (PSIAS). These are based on the Institute of Internal Auditors International Professional Practices Framework and replace the previous Code of Practice for Internal Audit in Local Government.

8.2 Included within the new Standards is the requirement for the organisation to define the terms 'Board' and 'senior management' in the context of audit activity. This has been

set out within the Internal Audit Charter, which confirms the Audit and Governance Committee's role as the Board.

8.3 The PSIAS require each internal audit service to maintain an ongoing quality assurance and improvement programme based on an annual self-assessment against the Standards, supplemented at least every five years by a full independent external assessment. The outcomes from these assessments, including any improvement actions arising, will be reported to the Audit and Governance Committee, usually as part of the annual internal audit report.

8.4 The results of our latest external assessment, completed by the Chartered Institute of Internal Auditors (IIA) in autumn 2022, were reported to Audit and Governance Committee in January 2023. Orbis Internal Audit assessed as achieving the highest level of conformance available against professional standards with no areas of non-compliance identified, and therefore no formal recommendations for improvement arising. In summary the service was assessed as:

Excellent in:

- Reflection of the Standards
- Focus on performance, risk and adding value

Good in:

- Operating with efficiency
- Quality Assurance and Improvement Programme

Satisfactory in:

- Coordinating and maximising assurance

8.5 In November 2023 we completed an internal Quality Review and no major areas of non-conformance were identified. The need to make some improvements to the quality of the evidence contained within a small number of audit working papers was identified, this will be addressed at the auditor development day in February 2024. We also updated our self-assessment against the PSIAS standards, and were found to be fully complying with 319 of the Standards and partially complying with 2 of the Standards (in both cases proportionate arrangements remain in place).

8.6 For clarity, the Standards specify that the following core principles underpin an effective internal audit service:

- Demonstrates integrity;
- Demonstrates competence and due professional care;
- Is objective and free from undue influence (independent);
- Aligns with the strategies, objectives, and risks of the organisation;
- Is appropriately positioned and adequately resourced;
- Demonstrates quality and continuous improvement;
- Communicates effectively;
- Provides risk-based assurance;
- Is insightful, proactive, and future-focused; and
- Promotes organisational improvement.

8.7 In addition, the performance of Orbis Internal Audit continues to be measured against key service targets focussing on service quality, productivity and efficiency, compliance with professional standards, influence and our staff. These are all underpinned by appropriate key performance indicators as set out in Table 2 below.

8.8 At a detailed level each audit assignment is monitored, and customer feedback sought. There is also ongoing performance appraisals and supervision for all Internal Audit staff during the year to support them in achieving their personal targets.

8.9 In addition to the individual reports to management for each audit assignment, reports on key audit findings and the delivery of the audit plan are made to the Audit and Governance Committee on a quarterly basis. An Annual Internal Audit Opinion is also produced each year.

8.10 Whilst Orbis Internal Audit liaises closely with other internal audit services through the Sussex and Surrey audit and counter fraud groups, the Home Counties Chief Internal Auditors' Group and the Local Authority Chief Auditors' Network, we are continuing to develop joint working arrangements with other local authority audit teams to help improve resilience and make better use of our collective resources.

Table 2: Performance Indicators

Aspect of Service	Orbis IA Performance Indicators	Target
Quality	<ul style="list-style-type: none"> Annual Audit Plan agreed by Audit Committee Annual Audit Report and Opinion Satisfaction levels 	By end April To inform AGS 90% satisfied
Productivity and Process Efficiency	<ul style="list-style-type: none"> Audit Plan – completion to draft report stage by 31 March 2024 	90%
Compliance with Professional Standards	<ul style="list-style-type: none"> Public Sector Internal Audit Standards Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act 	Conforms Conforms
Outcomes and degree of influence	<ul style="list-style-type: none"> Implementation of management actions agreed in response to audit findings 	95% for high priority
Our Staff	<ul style="list-style-type: none"> Professionally Qualified/Accredited 	80%

Russell Banks
Orbis Chief Internal Auditor

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INTERNAL AUDIT PLAN

2024-25



Review Name	Outline Objective
Finance	
Accounts Payable	To review the processes and key controls within MySurrey relating to the accounts payable system, including those in place for ensuring the accuracy of vendor details, the processing of invoices, goods receipting and promptness of payments.
Accounts Receivable	To review the processes and key controls within MySurrey relating to the accounts receivable system, including those in place for ensuring the accuracy of customer details, completeness, accuracy and timeliness of invoicing, recording and matching payments to invoices, and debt recovery.
Capital Budget Management	A review of the Council's capital budget management arrangements within MySurrey.
Financial Assessments & Income Collection	To review the key controls within MySurrey for both the financial assessment process, including the collation and analysis of information from care recipients to ensure correct calculation of contributions occurs in a timely fashion, and a review of the benefit calculation process to ensure correct payments are made.
General Ledger	To review the key controls within MySurrey relating to the maintenance and operation of the general ledger, including suspense accounts, reconciliations, journals and year end procedures.
Payroll	To review controls within MySurrey in relation to the staff payment system, including those relating to starters, leavers, temporary and permanent payments, variations of pay, and pre-employment checks.
Revenue Budgetary Control	A review of the Council's revenue budget management arrangements, to include an assessment of the extent to which planned savings are being delivered.
Treasury Management	A review to assess the adequacy of key controls and procedures across the Council's Treasury Management arrangements, including cash flow forecasting, segregation of duties, financial investments and use of treasury advisers.

INTERNAL AUDIT PLAN 2024-25



Review Name	Outline Objective
Local Government Pension Scheme (the 'Pension Fund')	<p>Pension Fund Administration: To review the key controls over specific aspects of pension administration as detailed in the Surrey Pension Fund Audit Plan 2024/25. This review provides assurance over the Local Government Pension Scheme.</p> <p>Pension Fund Investments: A review to assess the adequacy of Pension Fund management and governance arrangements. Also, to examine arrangements for obtaining assurance over the adequacy of the control environment of pension fund investment managers and the custodian.</p> <p>Pension Fund Business Continuity Arrangements: A review to assess the robustness of arrangements in place to manage business continuity within the management of the Fund.</p> <p>Pension Fund Governance Arrangements: A review to assess the effectiveness of the overall governance arrangements in place for the LGPS Pension Fund.</p>
Grant Certification	
Bus Subsidy Operators Grant	To check and certify the grant in accordance with the requirements of the Department for Transport.
Bus Services Improvement Plan	To check and certify the grant in accordance with the requirements of the Department for Transport.
Contain Outbreak Management Grant	To check and certify the grant in accordance with the requirements of the Department of Health.
Greener Homes Grants	To check and certify the grant in accordance with the requirements of the accountable body for this grant, the Greater South-East Net Zero Hub.
Local Transport Capital Block Funding	To check and certify various capital grants for road maintenance and pothole repair, in accordance with the requirements of the Department for Transport.
Schools Basic Needs Allocation Grant	To check and certify various capital grants in accordance with the requirements of the Department for Education.
Supporting Families Programme	Certification of periodic grant claim returns in-year on behalf of Children's Services to enable the release of funds from the Ministry of Housing, Communities and Local Government (MHCLG).
IT and Information Governance Audits	

INTERNAL AUDIT PLAN

2024-25



Review Name	Outline Objective
MySurrey User Access and Security Review	A review of the security arrangements for 'MySurrey' post go-live. This audit was due to be undertaken in 2023/24 but has been moved in line with the delays to go-live.
MySurrey System Support (including Governance)	This audit will review the system support function for the 'MySurrey' post go-live. As part of the review we will consider the Council's arrangements for incident response, system monitoring, software updates and data backups.
IT&D Project Management	This audit will review the effectiveness of the control environment to ensure the overall delivery of a major IT&D projects across the Council. As part of the scope we will consider IT&D's approach to project management, their prioritisation of projects and their delivery.
Artificial Intelligence	The future of artificial intelligence (AI) in local government in the UK is a topic of increasing importance and interest, opportunity and risk. As AI technology continues to advance and become more widely available, local authorities are exploring how it could be used to improve key services and support communities. This audit will review the framework by which AI is being applied within the Council and to ensure its implementation is in line with relevant policies.
Supply Chain Cyber Security	The Council relies on numerous suppliers to deliver products, systems and services that help us support our residents. Organisations are seeing that rather than being targeted directly, there is an increasing trend in supply chains being targeted by cyber attackers to exploit vulnerabilities and obtain access to networks and/or system data via these indirect routes. This audit will review the approach to supplier management of key strategic or operationally critical contracts to assess the extent to which third party cyber resilience is monitored and assured as part of the core contract and supplier management responsibilities.
Microsoft Teams – Governance	Microsoft Teams is a part of the Microsoft 365 series of products and is used for chat, video conferencing and collaboration, with file storage and sharing capabilities within individual Teams sites. This audit will review the Council's internal control arrangements in relation to Microsoft Teams, including the creation and

INTERNAL AUDIT PLAN

2024-25



Review Name	Outline Objective
	management of individual Teams sites and the securing of Council data within the application.
Mobile Phone Applications	This audit will review the effectiveness of the control environment to ensure the overall delivery and deployment of applications to mobile phones is managed appropriately. As part of the scope we will consider application security, compliance with data protection legislation and risk management processes.
Surveillance Cameras	We will review the effectiveness of the controls in place to meet the requirements of the Surveillance Camera Code of Practice.
Implementation of the Data Strategy	In 2021, a multi-year Data Strategy was implemented with the aim to create a common vision and purpose for data across the Council. The aim of the Strategy has been to use data to power our processes and support our digital transformation, facilitate better and more robust decision making, and to build trust with our residents. This audit will review the implementation of the Data Strategy to ensure that appropriate governance processes are in place to oversee the implementation and help the Council to achieve those areas of focus set out within the Strategy.
Joint Fire Control – IT Arrangements	This audit will review the Council's IT arrangements for the delivery of Joint Fire Control arrangements for both East Sussex and West Sussex Fire & Rescue Services, as set out within Section 16 agreements. As part of this review we will consider the governance arrangements in place for the delivery of the IT arrangements, as well as whether this delivery (including business continuity arrangements), is in line with the relevant service level agreements.
Support for Strategic Projects and Programmes	
Transition of Local Enterprise Partnerships (LEPs)	<p>The Government has announced changes to how economic growth functions will be delivered in local areas: from April 2024, the Government will cease providing funding to LEPs and the functions previously held by LEPs will transfer to Upper Tier Local Authorities (UTLAs). In Surrey, this means that most economic growth functions previously delivered by Coast to Capital LEP and Enterprise M3 LEP will transfer to the County Council.</p> <p>We will support the transition of these functions through the provision of advice around aspects of governance, control, and risk management.</p>

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2024-25



Review Name	Outline Objective
Freedom To Travel	<p>The Council plays an important role in the planning, commissioning and delivery of travel and transport services in Surrey, with around £70m a year spent on these services, such as the bus network, home to school travel assistance, and commissioned transport for some Adult Social Care clients. The strategy to coordinate the Council's work is called 'Freedom To Travel' and this audit will review the progress of the Freedom to Travel programme, including governance arrangements and engagement across directorates.</p>
Impact Of SWitCH	<p>SWitCH (Surrey Way Innovation, Transformation & Change) is a Council-wide programme to review the way services are delivered; to review structures, flex and redesign services to both streamline and improve outcomes, as well as taking full advantage of innovative digital technology, like AI. Our audit will assess the delivery and impact of this programme, including governance arrangements, risk management and the adequacy of the internal control environment arising from any subsequent organisational changes.</p>
Fleet Management	<p>Our audit will provide advice around governance and control to the development and implementation of the Council's new policy for Fleet Management, which will bring enhanced procedures and arrangements over the management of the Council's vehicle fleet (excluding Surrey Fire and Rescue blue-light vehicles).</p>
Risk Management	<p>Our review will continue to support and provide assurance around the Council's Risk Framework, building upon audit work completed in 2023/24.</p>
Corporate Governance	<p>To provide advice and support around the Council's corporate governance arrangements in support of the work of the Governance Panel, thus providing input into the Council's Annual Governance Statement.</p>
Follow-up audits	
Local Government Pension Scheme Banking Controls	
Schools Alliance for Excellent (SAfE) Contract	

INTERNAL AUDIT PLAN

2024-25



Review Name	Outline Objective
Single View Of A Child (Part 2) and LIFT - combined	To follow-up previous audit work completed in 2023/24 where the final opinion given was of Partial or Minimal Assurance. The work will ensure that agreed actions have been implemented as expected for each of the identified follow-up audits in order that the control environment is strengthened within the area under review.
Health & Safety Governance Arrangements	
Unofficial School Funds	
S106 Payments	
SFRS Business Safety	
Planning	
Education, Health & Care Needs Assessment Communication Protocol	
Other Focus Areas	
Integrated Care Board (ICB) Governance Arrangements	The ICB is the primary care board of the Council's Integrated Care System, which enables local partners (the Council, NHS, voluntary sector and others) to work together and create better services based on local need. The purpose of our audit will be to provide assurance around governance arrangements and decision-making processes for core service expenditure.
Budget Accountability and Consistency Practice Meetings (CPM)	Our review will examine practices and procedures within Consistency Practice Meetings to ensure that the award of care packages are consistent with policy and take proper account of principles of budget accountability in determining financial commitments.
Deputyship	There may be situations where a person lacks the capacity to make decision about their property and financials affairs, and if there is nobody to act on their behalf, the Surrey County Council Deputyship Team may either apply to be their appointee or deputy. Our audit will review the processes in place within this Team to provide assurance around the effective and compliant operation of the function.
Third Party Payments	Third Party Payments are top-up payments for residential care provision funded by families where the costs are more than the Council is willing to pay for the placement. Our review will provide assurance around compliance with arrangements and processes to ensure robust management safeguards the Council from financial loss.

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2024-25



Review Name	Outline Objective
SEND Transformation	The Council is some years into a long-term programme of SEND transformation, designed to improve current processes and embed positive change. There have been recent external inspections that have been critical of the performance of the service: in this context, our audit will provide advice and assurance around the governance arrangements and reporting mechanisms in place to oversee positive change within this service.
Children's Homes	With the opening of two new children's homes in Surrey to add capacity to existing residential capacity, our audit will seek to provide assurance over the in-house provision through a review of the internal governance arrangements.
Youth Service Cultural Compliance Review	A cultural compliance review of arrangements within the Youth Service to provide assurance to management that the governance in place around existing processes and practices conforms to expectation and Council policies.
Elective Home Education	This term describes a choice by parents to provide education for their children at home or in some other way they desire, instead of sending them to school full-time. Our review will provide assurance over the Council's arrangements to ensure that such children are known to the Authority and receive the education expected.
Alternative Education Commissioning for Children (NMIs)	Alternative provision is education arranged by local authorities for children who, because of exclusion, illness or other reasons, would not otherwise receive a suitable education. We will assess the arrangements for the commissioning of alternative provision for children, within appropriately regulated settings.
Procurement Regulatory Changes	Changes to procurement regulations are likely to include more stringent transparency requirements. These will need to be reflected in the Council's own regulations, including Procurement and Contract Standing Orders. We will provide support and advice in relation to the updating of these and their implementation.
Facilities Management Contract	The Council has recently appointed a single service provider for both Hard FM Services (includes all planned and reactive maintenance of mechanical, electrical, plant, equipment and fabric, project management and other services) and for Soft FM Services (all cleaning, security, waste and recycling, confidential waste removal, window cleaning, pest

INTERNAL AUDIT PLAN 2024-25



Review Name	Outline Objective
	<p>control, water cooler services, salting/gritting, removals, grounds maintenance, provision of cleaning consumables, and other services).</p> <p>Our review will assess the governance arrangements and contract management arrangements in place to ensure the contract is delivering services as expected and to expected levels of financial performance.</p>
PLANON	PLANON is the asset management system used by Land and Property to manage the Council's asset base. Our audit will assess the robustness of the control environment in place within the system, and how it interfaces with other strategic systems used across the Council (for example, MySurrey).
On Street Parking Arrangements	In April 2023, the Council became responsible for managing on-street parking and obtained new powers in relation to moving traffic offences. The purpose of this review is to seek assurance that the contract is operating as expected and that the Council is meeting its requirements.
Electric Vehicle Charging Contract	The contract to deliver Electric Vehicle charging points in on street and public car parks commenced in April 2023. The purpose of this audit is to review the effectiveness of the contract, including its contribution towards the Council's Climate Change Delivery Plan.
Surrey Fire & Rescue (SFRS) Safe & Well Visits	SFRS conduct safe and well visits as a part of their fire prevention work. The purpose of the audit is to provide assurance over the effectiveness of the processes surrounding the management and completion of such visits.
Contingencies	
Anti-Fraud and Anti-Corruption	To deliver the 2023/24 Fraud Response Plan for SCC which includes work on fraud awareness, data analytics, cyber fraud, conflicts of interest, excessive personal use of council IT equipment and ad hoc investigations.
Emerging Risks	A contingency budget to allow work to be undertaken on new risks and issues identified by Orbis IA and/or referred by management during the year.
General Contingency	A contingency budget to allow for effective management of the annual programme of work as the year progresses.
Service Management & Delivery	

INTERNAL AUDIT PLAN

2024-25



Review Name	Outline Objective
Action Tracking	Ongoing tracking and reporting of agreed high risk actions.
Annual Report, Opinion and AGS	Production and presentation of the Annual Internal Audit Report and Opinion and support for the production of the Annual Governance Statement.
Audit & Fraud Management	Overall management of all audit and counter fraud activity, including work allocation, work scheduling and Orbis Audit Management meetings.
Audit & Fraud Reporting	Production of periodic reports to management and Audit and Governance Committee covering results of all audit and counter fraud activity.
Audit Committee and member support	Ongoing liaison with members on internal audit matters and attending Audit and Governance Committee meetings and associated pre-meetings.
Client Service Liaison	Liaison with clients and departmental management teams throughout the year.
Client Support and Advice	Ad hoc advice, guidance and support on risk, internal control and governance matters provided to clients and services throughout the year.
Orbis Internal Audit Developments	Internal Audit and counter fraud service developments, including quality improvement and ensuring compliance with Public Sector Internal Audit Standards.
Organisational Management Support	Attendance and ongoing support to organisational management meetings, e.g. Governance Panel, etc.
Strategy & Annual Planning	Development and production of the Internal Audit Strategy and Annual Audit Plan, including consultation with management and members.
System Development & Administration	Development and administration of audit and fraud management systems.

Other Potential Auditable Areas	
Children's Health Contract	These are potential audits that could be drawn into the 2024/25 annual programme of work on a risk-basis should other audits be postponed or deferred, or should available contingency time allow for it.
Unaccompanied Asylum-Seeking Children	
Microsoft 365 Governance	
Areas Of Outstanding Natural Beauty (AONB)	
Public Rights Of Way	
LGPS Reporting Arrangements	
IR35 Compliance	

INTERNAL AUDIT PLAN 2024-25



SFERS Premises Risk (FireFighter Safety)	
SFERS Target Setting	
SFERS Recruitment Process	
Cultural Compliance Reviews	
Health & Wellbeing Board, and Prevention	

7

INTERNAL AUDIT CHARTER

1. Introduction

This Charter describes for the Council the purpose, authority and responsibilities of the Internal Audit function in accordance with the UK Public Sector Internal Audit Standards (PSIAS).

The PSIAS require that the Charter must be reviewed periodically and presented to “senior management” and “the board” for approval. For the purposes of this charter “senior management” will be the Corporate Leadership Team (CLT) and the board will be the Audit and Governance Committee (described generically in this Charter as the Audit Committee).

The Charter shall be reviewed annually and approved by CLT and the Audit Committee. The Chief Internal Auditor is responsible for applying this Charter and keeping it up to date.

2. Internal Audit Purpose

The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Internal Audit is defined in the PSIAS as “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

Internal Audit supports the whole Council to deliver economic, efficient and effective services and achieve the Council’s vision, priorities and values.

3. Statutory Requirement

Internal Audit is a statutory service in the context of the Accounts and Audit Regulations 2015, which require every local authority to maintain an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes taking into account public sector internal auditing standards or guidance.

These regulations require any officer or Member of the Council to:

- make available such documents and records; and
- supply such information and explanations;

as are considered necessary by those conducting the audit.

This statutory role is recognised and endorsed within the Council's Financial Regulations.

In addition, the Council's S151 Officer has a statutory duty under Section 151 of the Local Government Act 1972 to establish a clear framework for the proper administration of the authority's financial affairs. To perform that duty the Section 151 Officer relies, amongst other things, upon the work of Internal Audit in reviewing the operation of systems of internal control and financial management.

4. Internal Audit Responsibilities and Scope

Annually, the Chief Internal Auditor is required to provide to the Audit Committee an overall opinion on the Council's internal control environment, risk management arrangements and governance framework to support the Annual Governance Statement.

Internal Audit is not responsible for control systems. Responsibility for effective internal control and risk management rests with the management of the Council.

Internal Audit activity must be free from interference in determining the scope of activity, performing work and communicating results.

The scope of Internal Audit includes the entire control environment and therefore all of the Council's operations, resources, services and responsibilities in relation to other bodies. In order to identify audit coverage, activities are prioritised based on risk, using a combination of Internal Audit and management risk assessment (as set out within Council risk registers). Extensive consultation also takes place with key stakeholders and horizon scanning is undertaken to ensure audit activity is proactive and future focussed.

Internal audit activity will include an evaluation of the effectiveness of the organisation's risk management arrangements and risk exposures relating to:

- Achievement of the organisation's strategic objectives;
- Reliability and integrity of financial and operational information;
- Efficiency and effectiveness of operations and activities;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures and contracts.

5. Independence

Internal Audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a way that allows them to make impartial and effective professional judgements and recommendations. Internal auditors should not have any operational responsibilities.

Internal auditors will not review specific areas of the Council's operation in which they have previously worked, until a period of at least 12 months has elapsed.

Internal Audit is involved in the determination of its priorities in consultation with those charged with governance. The Chief Internal Auditor has direct access to, and freedom to report in their own name and without fear of favour to, all officers and Members and particularly those charged with governance. This independence is further safeguarded by ensuring that the Chief Internal Auditor's formal appraisal/performance review is not inappropriately influenced by those subject to audit. This is achieved by ensuring that both the Chief Executive and the Chairman of the Audit Committee have the opportunity to contribute to this performance review.

All Internal Audit staff are required to make an annual declaration of interest to ensure that objectivity is not impaired and that any potential conflicts of interest are appropriately managed.

6. Appointment and Removal of the Chief Internal Auditor

The role of Chief Internal Auditor is a shared appointment across the 3 Orbis partner authorities (East Sussex County Council, Surrey County Council and Brighton & Hove City Council).

In order to ensure organisational independence is achieved, all decisions regarding the appointment and removal of the Chief Internal Auditor will be made following appropriate consultation with Member representatives from each of the authorities' audit committees.

7. Reporting Lines

Regardless of line management arrangements, the Chief Internal Auditor has free and unfettered access to report to the S151 Officer; the Monitoring Officer; the Chief Executive; the Audit Committee Chair; the Leader of the Council and the Council's External Auditor.

The Audit Committee will receive reports on a periodic basis – as agreed with the Chair of the Audit Committee – on the results of audit activity and details of Internal Audit performance, including progress on delivering the audit plan.

8. Fraud & Corruption

Managing the risk of fraud and corruption is the responsibility of management. Internal Audit will, however, be alert in all its work to risks and exposures that could allow fraud or corruption and will investigate allegations of fraud and corruption in line with the Council's Anti Fraud and Corruption Strategy.

The Chief Internal Auditor should be informed of all suspected or detected fraud, corruption or irregularity in order to consider the adequacy of the relevant controls and evaluate the implication for their opinion on the control environment.

Internal Audit will promote an anti-fraud and corruption culture within the Council to aid the prevention and detection of fraud.

9. Consultancy Work

Internal Audit may also provide consultancy services, generally advisory in nature, at the request of the organisation. In such circumstances, appropriate arrangements will be put in place to safeguard the independence of Internal Audit and, where this work is not already included within the approved audit plan and may affect the level of assurance work undertaken; this will be reported to the Audit Committee.

In order to help services to develop greater understanding of audit work and have a point of contact in relation to any support they may need, Internal Audit has put in place a set of service liaison arrangements that provide a specific named contact for each service; and, regular liaison meetings. The arrangements also enable Internal Audit to keep in touch with key developments within services that may impact on its work.

10. Resources

The work of Internal Audit is driven by the annual Internal Audit Plan, which is approved each year by the Audit Committee. The Chief Internal Auditor is responsible for ensuring that Internal Audit resources are sufficient to meet its responsibilities and achieve its objectives.

Internal Audit must be appropriately staffed in terms of numbers, grades, qualifications and experience, having regard to its objectives and to professional standards. Internal Auditors need to be properly trained to fulfil their responsibilities and should maintain their professional competence through an appropriate ongoing development programme.

The Chief Internal Auditor is responsible for appointing Internal Audit staff and will ensure that appointments are made in order to achieve the appropriate mix of qualifications, experience and audit skills. The Chief Internal Auditor may engage the use of external resources where it is considered appropriate, including the use of specialist providers.

11. Due Professional Care

The work of Internal Audit will be performed with due professional care and in accordance with the UK Public Sector Internal Audit Standards (PSIAS), the Accounts and Audit Regulations (2015) and with any other relevant statutory obligations and regulations.

In carrying out their work, Internal Auditors must exercise due professional care by considering:

- The extent of work needed to achieve the required objectives;

- The relative complexity, materiality or significance of matters to which assurance procedures should be applied;
- The adequacy and effectiveness of governance, risk management and control processes;
- The probability of significant errors, fraud or non-compliance; and
- The cost of assurance in proportion to the potential benefits.

Internal Auditors will also have due regard to the Seven Principles of Public Life – Selflessness; Integrity, Objectivity; Accountability; Openness; Honesty; and Leadership.

12. Quality Assurance

The Chief Internal Auditor will control the work of Internal Audit at each level of operation to ensure that a continuously effective level of performance – compliant with the PSIAS, is maintained.

A Quality Assurance Improvement Programme (QAIP) is in place which is designed to provide reasonable assurance to its key stakeholders that Internal Audit:

- Performs its work in accordance with its charter;
- Operates in an effective and efficient manner; and,
- Is adding value and continually improving the service that it provides.

The QAIP requires an annual review of the effectiveness of the system of Internal Audit to be conducted. Instances of non-conformance with the PSIAS, including the impact of any such non-conformance, must be disclosed to the Audit Committee. Any significant deviations must be considered for inclusion in the Council's Annual Governance Statement.

February 2024

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Audit and Governance Committee
13 March 2024

Ethical Standards Annual Review 2023-24

Purpose of the report:

To enable the Committee to monitor the operation of the Members' Code of Conduct, including complaints made concerning councillors, the declaration of gifts and hospitality and Interests over the course of the last year.

Recommendation:

That the Audit and Governance Committee:

1. Notes the Monitoring Officer's report on recent activity in relation to the Members' Code of Conduct, including Registration of Interests and Gifts and Hospitality, and complaints made in relation to Member conduct.
2. Notes the further training and development planned for the coming year at paragraph 14.

Introduction:

1. The Localism Act 2011 places the Council under a statutory duty to promote and maintain high standards of conduct by its Members and co-opted Members.
2. The Council has a Code of Conduct governing elected and co-opted Members' conduct, when acting in those capacities. The Code also includes provisions for the registration and disclosure of pecuniary and other interests.
3. The Council has delegated to the Audit and Governance Committee the roles of:
 - monitoring the operation of the Members' Code of Conduct and;
 - promoting advice, guidance and training on matters relating to the Code of Conduct.
4. The Committee is also responsible for granting dispensations to Members relating to their disclosable pecuniary interests.
5. The Audit and Governance Committee in 2020-21 recommended to Council the adoption of a refreshed Code of Conduct issued by the LGA to come into effect following the County Council elections in May 2021. The Code expanded on the

previous principles-based Code and introduced specific obligations on councillors to treat others with respect, to not bully or harass or discriminate against any person, to not disclose confidential information, to not use their position inappropriately and to not bring their office in to disrepute. The new Code came into effect in May 2021.

6. The Audit and Governance Committee in 2020-21 also recommended to the Council amendments to the procedure for considering complaints made against councillors. It emphasised informal resolution as the preferred approach and introduced a criteria-based assessment for the Council's Independent Person and Monitoring officer to consider when determining what action was appropriate to either resolve a complaint or formally investigate. The criteria include any suitable alternative course of action, whether the issue touched on a member's democratic role, the timing of alleged conduct, whether there was a malicious or political motive to a complaint and the overarching public interest in any action being proportionate to the complaint.
7. The Council appointed two Independent Persons to consider complaints made against a councillor in December 2020 who have carried out the role to date. The Independent Persons are:
 8. Philippa Harding: Philippa is an expert in healthcare corporate governance and regulation, developed through formal qualifications and nearly 20 years' professional experience; she has a deep technical and practical understanding of the corporate governance challenges facing Boards.
 9. Mr Akbar Khan: Akbar is a legally qualified Chair at the Metropolitan Police Misconduct Panels and chairs the conduct of proceedings into allegations of serious breaches of professional standards that affect public confidence in policing. Akbar was appointed a Commissioner for Standards in the House of Lords in May 2021.

Member Training

10. Following the County Council election held on 6 May 2021, a full Member Induction Training Programme was delivered to all new and returning County Councillors
11. A session on Member Code of Conduct training and Registration of Interests was delivered to all Members. Training has also been provided on GDPR/Data Protection and the practicalities of using social media in relation to the Member Code of Conduct when using social media in their elected roles.
12. In the past year, Members and senior officers have received refresher training on the Member-Officer Protocol. An in-person Member Development Day held in October 2023 included a workshop on "Making Social Media Work For You" led by the Assistant Director of Communications and Engagement. This covered the Council's social media policy and advised Members on how to respond to trolls and offensive comments. The Communications Team offered to set up one to one sessions to assist Members in using social media as well as looking to establish a drop in service on Council meeting days.
13. Three by-elections have taken place since May 2021. All Members elected via by-elections have received training on the Member Code of Conduct and Registration of Interests with the Monitoring Officer.
14. Future Member Development activity over the next year will focus on preparations for the County Council elections in 2025, including the development of a full Member Induction Programme for all new and returning County Councillors. This will include

training on the Member Code of Conduct, Registration of Interests and Gifts and Hospitality, as well as GDPR and Data Protection.

Code of Conduct Complaints

15. The Council received 10 complaints that a County Councillor had breached the Code of Conduct from February 2023 to January 2024. All complaints have been considered further to the Council's procedure to consider complaints with an initial conversation with the complainant, the Councillor and consideration of appropriate action by the Monitoring Officer and an Independent Person.
16. Following consideration, the complaints received were considered not to meet the criteria for referral for formal investigation or were found to have not breached the Councillor Code of Conduct. Where informal action was merited this was taken, in the form of an apology or additional training, or the file was closed. The complaints received can be categorised as follows:
 - 3 complaints in respect of service matters, generally timescales for a response.
 - 1 complaint in respect of misuse of position.
 - 1 complaint in respect of disclosure of the complainant's address and comments made by the councillor on social media.
 - 2 complaints in respect of councillor behaviour (1 involving canvassing and leaflet distribution).
 - 3 complaints in respect of comments made on social media or otherwise treating a resident with disrespect.
17. The investigation of one complaint originally made in October 2022 resulted in a formal finding by the Member Conduct Panel that the Code of Conduct had been breached due to the Member's failure to co-operate with the Investigating Officer and Member Conduct Panel. On 22 May 2023, The Panel recommended that the Member not be appointed to any Council committee, or any other Council appointment on outside bodies or otherwise, for a period of 12 months and was agreed by Council.
18. The complaints received underline the ongoing importance for members to be aware of the way in which their conduct and comments, particularly on social media, can be perceived by those hearing/reading them. Whilst members can be challenging and robust in expressing their views, they must always be respectful and civil. Additional training as set out in the report on these elements has been provided during the course of the year and will form part of the member development sessions over the next twelve months.

Registration of Members' Interests and Declarations of Interest at Meetings

19. All Members have submitted their Register of Interests and these are available for inspection via the Council's website. Members receive a twice yearly email reminder to keep their Register of Interests up to date. The most recent reminder was sent in December 2023. Members receive support from Democratic Services as required.
20. All new Members elected via by-elections in the last year submitted their Register of Interests within 28 days of taking office, as set out in Section 30 of the Localism Act 2011.

21. Nine declarations of interest were received at meetings held in public between 1 February 2023 and 31 January 2024. All were non-pecuniary interests. Details are included in Annex 1 to this report.
22. No complaints or referrals have been made to the Council or external auditors suggesting that a member has taken part in a decision where they have had an interest which was not declared. The system is considered to be working well and members proactively contact the monitoring officer or democratic services for advice when they consider they may have an interest which needs to be declared.

Registration of Members' Gifts & Hospitality

23. Paragraph 10 of the Member Code of Conduct sets out councillor responsibilities with regards to the acceptance, refusal and registration of Gifts and Hospitality. Members are required to ensure that all offers of gifts and hospitality with a value of £50 or higher are registered with the Monitoring Officer within 28 days of receipt, and that any significant offers of gifts and hospitality that have been offered but not accepted must also be registered.
24. Democratic Services maintains the Register of Members' Gifts and Hospitality on behalf of the Monitoring Officer, and this is available for public inspection at the Council's offices on application.
25. As of 2022, all Members are sent a twice yearly reminder by Democratic Services to ensure that all offers of Gifts and Hospitality are registered. The most recent reminder was sent on 4 December 2023.
26. Annex 2 to this report sets out all entries to the register received between 1 February 2023 and 31 January 2024. The register shows that declarations were made on 18 occasions by four Members. The declarations can be categorised as follows:
 - Gifts offered whilst undertaking Member duties: 1
 - Dinners and social events/networking opportunities: 17
27. The nature of the gifts and hospitality declared by Members is consistent with that expected for a Member during the normal course of Council business and the various roles held by individual Members.
28. Those who are more likely to be offered gifts and hospitality are the Leader, Cabinet members and the Chair of Council and Committee chairs. An additional reminder focused on the nature of their roles and awareness of the declaration process will be provided every six months.
29. The Committee will recall a suggestion made to the Committee that all councillors should be required to submit a nil return where appropriate in relation to their non receipt or offer of any gifts or hospitality during the course of the previous 12 months. It is considered that such an approach could be disproportionate for the majority of members at the current time, but should be reviewed going forward as an additional measure if considered appropriate because the committee lacks confidence in the declarations being made.

Risk Management Implications

30. The Council's Code of Conduct, Register of Interests and arrangements for dealing with complaints are statutory requirements and key elements of good governance. Continued guidance and training is intended to assist Members in observing the Code and so mitigate the risk of complaints about Members.

Financial and Value for Money Implications

31. An external investigation of a complaint costs in the region of £2000-5000. In the last year there were no investigations that required an external investigator.

Equalities and Diversity Implications

32. There are no identified equalities and diversity implications to which the Committee needs to pay due regard.

Appendices

Annex 1 – Declarations of Interests at Meetings – 1 February 2023 to 31 January 2024

Annex 2 – Register of Members' Gifts & Hospitality – 1 February 2023 to 31 January 2024

Background Papers

Constitution of the Council

Member Code of Conduct

Report of the Member Conduct Panel to Council, 22 May 2023

Next steps:

The Monitoring Officer will report any recommendations from this Committee to the Member Conduct Panel and will keep the Independent Persons informed.

Report contact: Paul Evans, Director of Law and Governance and Monitoring Officer

Contact details: paul.evans@surreycc.gov.uk



Declarations of Interest at Meetings – 1 February 2023 – 31 January 2024

ANNEX 1

Date	Committee	Member	Item	Details
15/06/2023	Adults & Health Select Committee	Trefor Hogg	Not specified	Personal Interest - is community representative of NHS Frimley CCG
04/10/2023	Adults & Health Select Committee	Trefor Hogg	NHS Frimley - A&E Waiting Times and Pressures	Personal Interest - is community representative of NHS Frimley CCG
04/10/2023	Adults & Health Select Committee	Carla Morson	NHS Frimley - A&E Waiting Times and Pressures	Personal Interest - close family member works in Emergency Department at Frimley Park Hospital
18/10/2023	Resources & Performance Select Committee	Hazel Watson	Not specified	Non-pecuniary Interest - Governor of the Ashcombe School
18/10/2023	Resources & Performance Select Committee	Edward Hawkins	SIB Annual Report - Financial Year 2022/23	Non-pecuniary Interest - former director of Halsey Garton Property Ltd
06/12/2023	Children, Families, Lifelong Learning & Culture Select Committee	Jonathan Essex	2024/25 Draft Budget and Medium Term Financial Strategy to 2028/29	Non-pecuniary Interest - trustee of Voluntary Action Reigate & Banstead
07/12/2023	Adults & Health Select Committee	Trefor Hogg	A New Hospital to Replace Frimley Park Hospital	Personal Interest - is Frimley Health Community Representative
07/12/2023	Adults & Health Select Committee	Carla Morson	A New Hospital to Replace Frimley Park Hospital	Personal Interest - close family member works in Emergency Department at Frimley Park Hospital
19/12/2023	Cabinet	David Lewis (Cobham)	Cranleigh Church of England Primary School	Non-pecuniary Interest - wife is trustee of Good Shepherd Trust

Register of Members' Gifts & Hospitality – 1 February 2023 – 31 January 2024

DATE OF ENTRY	MEMBER	DATE	PERSON OR ORGANISATION PROVIDING GIFT OR HOSPITALTY	DETAILS OF THE GIFT OR HOSPITALITY	VALUE (£)	JUSTIFICATION FOR HOSPITALITY
<i>Date entry made to the register</i>	<i>Name of Member declaring the gift or hospitality</i>	<i>Date the gift or hospitality was received</i>	<i>Both name of organisation and their representative or individual</i>	<i>Brief description of item (e.g. dinner at, bottle of wine, flowers, etc)</i>	<i>If actual value not known enter estimated. If offered to >1 person put total value</i>	
19/06/23	Jonathan Essex	15/03/2023	Posadero Lounge, Redhill	Opening event of new restaurant	Approx. £15	Accepted - opening event within division

03/07/23	Nick Harrison	26/06/2023	Mercer, Pensions Investment Consultants (Contact - Steve Turner)	Dinner at The Potting Shed, Crudwell, Dorset (part of the Pensions & Lifetime Savings Association, LGPS Conference)	Approx. £50	Accepted - representing SCC at this conference
04/07/23	Tim Oliver	07/06/2023	Local Government Association - Izzi Seccombe	LGA Conservative Group Informal Working Dinner	Under £50	Accepted - good opportunity to share thoughts on what has happened over the last year within the LGA

04/07/23	Tim Oliver	14/06/2023	NHS Confederation	NHS Confederation Member Dinner	Under £50	Accepted - networking opportunity and to discuss day's conference
04/07/23	Tim Oliver	26/06/2023	Surrey Heartlands - Claire Fuller and Ian Smith	Joint ICB/ICS Executive Team Development Day - Working Dinner	Under £50	Accepted - working dinner to discuss previous and future joint working
19/07/23	Jonathan Essex	04/07/2023	RentPlus UK Local Housing Solutions	Drinks reception with food at the LGA Conference	Under £25	Accepted - all councillors at LGA conference of all parties had the same hospitality

24/07/23	Tim Oliver	03/07/2023	County Council Network and Impower	CCN Dinner	Approx £50	Accepted as Chair of CCN who have worked closely with Impower
24/07/23	Tim Oliver	03/07/2023	Local Government Association	LGA Group Executive Dinner	Approx £50	Declined - had a clash at that time with CCN event and deemed that more of priority/better use of time

24/07/23	Tim Oliver	05/07/2023	LGA Conservative Group via Political Officer to the Conservative Group	Dinner for the Group at the Conference with guest speaker	Approx £50	Accepted - networking and discussion within party about the conference and challenges and aims ahead
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24/07/23	Tim Oliver	05/07/2023	Beyond 2050 - convened by a group of organisations from across the UK's hydrogen industry	Hydrogen Dinner' - discussion during the dinner will focus on the role that hydrogen technologies can play in helping local authorities to achieve climate emergency goals, as well as attract investment into local hydrogen projects	Approx £50	Declined - had a clash at that time with CCN event and deemed that more of priority/better use of time
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03/10/23	Tim Oliver	22/09/2023	Richard Travers, President of the Coroners' Society	Dinner	Approx £50	Accepted - networking and relationship building - Richard was keen to promote Surrey and as such invited Tim as Leader of the Council
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30/10/23	Tim Oliver	01/10/2023	Localis - Jonathan Werran, Chief Executive	Localis Fellowship Dinner at the Lowry Hotel, during the Conservative Party Conference - "Running out of gas - is it too late to fix local government finances?"	Approx £50	Accepted - To discuss the current state and condition of local government finances and how to stabilise – representing SCC position and thoughts.
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30/10/23	Tim Oliver	02/10/2023	Inner Circle Consulting - Matthew Bennett, Managing Consultant	Lunch and Learn - Housing - Counties taking the lead" at The Edwardian, during the Conservative Party Conference	Approx £50	Accepted - Tim chaired this session focusing on housing, economic vitality and public service resilience.
30/10/23	Tim Oliver	02/10/2023	Local Government Information Unit (LGIU)	LGIU Private Dinner with Council Leaders at Conservative Party Conference, at the Kimpton Clocktower Hotel	Approx £50	Accepted - A chance to network with other Leaders and discuss current priorities and challenges.



30/10/23	Tim Oliver	16/10/2023	Surrey Development Forum	Surrey Development Forum - House of Lords Dinner	Approx £50	Accepted - To develop the collaborative and constructive partnership working between local authorities in Surrey and the planning and development sector. Local MPs, DLUHC and shadow ministers were also invited – network/ lobbying opportunity.
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29/11/23	Mark Nuti	27/11/2023	Ryan Barham, Communications Manager - Ambassadors Theatre Group	Tickets for Mark and his wife for "Drifters Girl" (22/11/23) and "Pretty Woman" (27/11/23)	Ticket face value approx £90 each; £360 total	Accepted - representing Surrey Culture Partnership
01/12/23	Tim Oliver	27/11/2023	ICS Network	Dinner at the Hilton Euston to start off the ICS Network Conference	Approx <£50	Accepted - networking with attendees which joined conference on 28/11 - the Leader opened and chaired the morning session.

29/02/24	Clare Curran	30/11/2023	Sean Hanson, CEO, Impower Consulting Ltd	Dinner and reception for LA representatives present in Bournemouth for the NACSC Conference	£75	Accepted - a social and networking dinner for a number of senior members of different local authorities attending the conference.
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Audit and Governance Committee
13 March 2024

Appointment of Independent Member to the Audit and Governance Committee

Purpose of the report:

This report details the process undertaken to date to recruit an Independent Member to the Audit and Governance Committee and confirms that the preferred candidate will be recommended to County Council for appointment as the Independent Member to the Audit and Governance Committee.

Recommendation:

That the Audit and Governance Committee notes the recruitment process being undertaken and following an interview process, will recommend the preferred candidate to County Council to be appointed as the Independent Member to the Audit and Governance Committee.

Introduction:

1. A vacancy has arisen for an Independent Member to the Audit and Governance Committee when the current Independent Member stands down following the March Committee, the appointment will be for a period of four years.
2. At its meeting on 12 October 2021 Council agreed that the Director of Law and Governance, in consultation with the Chairman of the Audit and Governance Committee, be delegated the authority to finalise the role description, skills, competencies and person specification.

Recruitment Process:

3. A recruitment campaign began with the advert going live on 30 January 2024, with an advertisement placed on Surrey County Council's website and all the usual recruitment websites used by the Council: Guardian Jobs, Surreyjobs, JobsGoPublic, Indeed, Find a Job (GOV) and LinkedIn.

4. Applicants were asked to send a covering statement to express their interest and explain how they meet the desired requirements, together with a CV before the closing date.
5. A recruitment panel will be convened to interview suitable candidates. The panel will consist of the Chairman of the Audit and Governance Committee, one Conservative group member, and two opposition group members (appointed by Group Leaders), supported by the Director of Law and Governance.
6. Following the interview process, members of the Audit and Governance Committee will be updated and a recommendation of the successful candidate will be put forward to County Council for approval.

Financial Implications:

7. This is an unpaid appointment; the Independent Member will be able to claim travel expenses, which will be covered from the existing budget.

Legal Implications:

8. A council's audit committee is established further to the Local Government Acts 1972 and 2000 and its purpose is to give assurance to elected Members and the public about the governance, financial reporting and performance of the Council. The appointment of a non-voting Independent Member to the Committee will assist and promote good governance and scrutiny by the Committee and the Council.

Risk Implications:

9. This initiative should augment the Audit and Governance Committee's independence, provide additional expertise, and provide an opportunity for the community to play an enhanced role in the governance of the Council.

Next steps:

10. The name of the preferred candidate be submitted to a future County Council meeting for approval.

Contact Officer:

Paul Evans, Director of Law and Governance
paul.evans@surreycc.gov.uk

Annexes/Appendices:

None

Sources/background papers:

Role profile, advertisement, list of candidates, interview process.

Applications and interview notes include personal data and are not therefore background papers.



Audit & Governance Committee
13 March 2024

Risk Management

Purpose of the report:

To provide an update on risk management.

Recommendations:

It is recommended that the Committee:

Note the update on risk management.

Introduction:

1. Risk Management is presented to the Audit and Governance Committee twice per year – in March and September. This paper identifies some of the key process changes from 2023 and areas of improvement in 2024.

Risk Management Progress in 2023

2. Looking back to 2023, the following changes are worth highlighting to strengthen the Risk Management processes within the organisation:
 - The governance around the Risk Management Strategy was updated. The Strategy is now delegated to the Audit and Governance Committee for approval.
 - A Risk 'intranet' was developed on Sharepoint to allow staff to more easily access risk information such as risk templates, training etc.
 - Local Working Instructions (LWI) were created detailing the activities performed by the Head of Risk. This is designed to build resilience around the role given the function is performed by one individual.
 - Risk Management training materials were created to support a new two-day project management course. Delivered by the external

training organisation Wellington, by the end of 2023 over 500 staff completed the course.

- The actions identified from the internal audit undertaken at the end of 2022 on Risk Management were completed (and as previously reported to the Audit and Governance Committee in September 2023).
- The external auditors Grant Thornton completed a review on Risk Management and did not identify any recommendations for improvement. The review was part of the (Annual Report on Surrey County Council 2022/23).

It is also worth noting that Risk Management received two nominations as part of the SCC 'Stars in Surrey' for "Team Award for Outstanding Customer Service."

Risk 2024

3. Fundamentally, the approach to Risk Management in 2024 is not changing. It is built on strong engagement with the organisation to think about and plan for risks. At a strategic level, the Corporate Risk position for SCC is provided as an Appendix to this paper.
4. While the changes in 2023 were based on looking internally within the organisation to see what could be improved, the development of Risk Management in 2024 will be more outward orientated. Specifically, the focus will be to engage with some other similar organisations (ideally Councils of similar size and within the South East geography) to review how they are undertaking risk management and whether there are any areas which can be done differently, improved, started etc.
5. Linked to the above exercise, a wider review will be undertaken to assess what other organisations are reporting as to their key Corporate Risks and to determine to what extent they align with our own risks or not (and if not the reasons why).
6. For the avoidance of doubt, the above activities will be completed in addition to the normal Risk Management undertakings including working closely with the Directorates and teams to assess risks as well as providing risk updates to CLT, quarterly updates to icab (Informal Cabinet) and twice yearly assurance updates to the Audit and Governance Committee.

Next Steps:

7. The Audit and Governance Committee will receive a further risk update on a 6 monthly cycle with the next scheduled for September 2024.

Conclusions:

8. Risk management continues to be actively undertaken within Surrey County Council.

Financial and value for money implications

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

Equalities and Diversity Implications

10. N/A.

Risk Management Implications

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

Report contact: David Mody, Head of Strategic Risk

Contact details: david.mody@surreycc.gov.uk

Annexes/Appendices:

Appendix A - Corporate Risk Heat Map

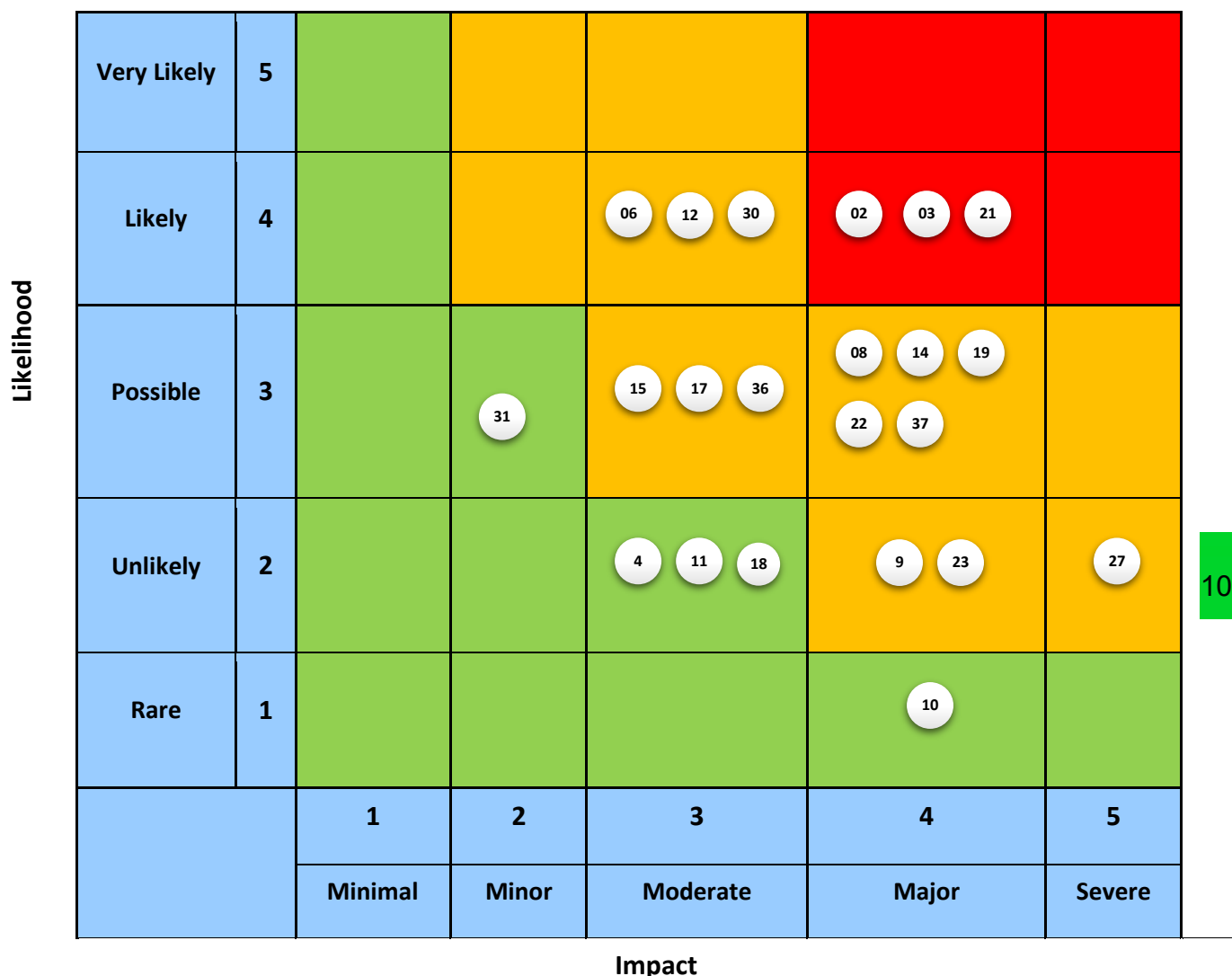
Sources/background papers:

None

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Corporate Risk Heat Map




March 2024 - Audit and Governance Committee



10

Strategic Risk	Risk Lead	Risk with current mitigation controls in place		
		Likelihood	Impact	Overall Score
ST.02 There is a risk of a significant gap between the medium-term financial strategy (2023/24-2028/29) and actual expenditure potentially leading to a need to reduce level & quality of services	LW	4 <small>(was 3)</small>	4	16 <small>(was 12)</small>
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 <small>(was 3)</small>	4	16 <small>(was 12)</small>
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.14 There is a risk that we do not deliver sufficiently good quality children's care services to the residents of surrey	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	HC	3	4	12	
ST.37	There is a risk that we do not deliver a sufficiently good Quality of Practice in AWH to the residents of Surrey	HC	3	4	12	
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 & corporate liability	LW	3 (was 2)	4	12 (was 8)	
ST.06	There is a risk that a supplier or a commissioned service is unable to continue to provide a service, or that that they fail to do so to the required level or quality standards	LW	4	3	12	
ST.12	There is a risk that SCC will not be able to recruit and retain sufficient numbers of skilled staff to manage & deliver quality services provided	LW/SS	4	3	12	
ST.30	There is a risk that the rising costs will reduce living standards for residents with some struggling to pay for the basic essentials	KS	4	3	12	
ST.27	There is a risk that SCC cannot deliver core services due to a dependency on national 'infrastructure components' that become unavailable e.g. power outage, fuel shortage	DQ	2 (was 3)	5	10 (was 15)	
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	Severe weather events exacerbated by Climate Change leads to a loss of service provision and also other community-wide consequences	KS	3	3	9	
ST.36	There is a risk that significant changes taking place in the operating environment of AWHP could result in service delivery being negatively impacted	HC	3	3	9	
ST.09	There is risk that we will not achieve the intended outcomes of our transformation programme in the planned timeframe	LW	2	4	8	
ST.23	There is a risk that a resurgence of Covid (serious, vaccine evading variant) and/or other widespread virus leads to a major drop in SCC service levels	HC	2 (was 3)	4	8 (was 12)	
ST.31	The risk that our approach to tackle inequality does not lead to a more equal and diverse workforce	LW/ MS	3	2	6	
ST.18	There is a risk of failure to maintain key infrastructure or assets or deliver major infrastructure	KS	2	3	6	
ST.04	There is a risk of a breach of the Data Protection Act from a loss/disclosure of personal data e.g. data published in public domain	LW	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	

Removed risks from Corporate risk register this period:

ST.33	There is a risk that Industrial Action limits SCC ability to deliver some services	SS	4	4	16	
ST.34	There is a risk that Home to School Travel Assistance is not available for eligible children, the service level is below the standard required and/or the budget allocated is overspent	RW	4	4	16	