

Audit & Governance Committee

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Welcome...

Welcome to the Audit & Governance Committee Bulletin.

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

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Update from previous Audit & Governance Committee meetings

May Gurney/Kier Contract	The Environment and Transport Select Committee has continued to take an interest in the May Gurney contract as recommended by Audit & Governance Committee following an internal audit report in 2012. On 11 September 2013, the Committee considered a review of achievements and challenges for the May Gurney/Kier Highways maintenance contract over the past 12 months. The report and minutes can be found here.
Property Asset Management System (PAMS)	On 2 September, the Audit & Governance Committee requested an update on whether the system was fully up and running in advance of a full progress report on 2 December 2013. This update was circulated by email on 7 October 2013 and is included here for completeness.
Concerns regarding mapping systems	On 2 September, the Chairman agreed to write to the Cabinet Member for Transport, Highways and Environment and to the Chairman of Environment and Transport Select Committee with regard to the number of non-compatible databases. He sent a letter on 1 November 2013. This is attached for information.

Internal Audit update

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Current Audits	<p>The following audits are currently in progress:-</p> <ul style="list-style-type: none"> • Surrey Local Assistance Scheme • Blue badges • Officer Interests • Information Governance • Central Contract Management • SIMS (school information management system) • Integration of Public Health • Health and Safety schools compliance • Review of committee timetable and reporting processes • AIS (Adults Integrated Solution)
Staffing	In August Dan Wilson passed his final examination under the Institute of Internal Auditors scheme and became professionally qualified with the Practitioner of Internal Audit (PIIA) designation.
Single Person Discount	Internal Audit are coordinating a data matching exercise with Surrey District and Borough councils designed to detect individuals who are fraudulently claiming single person discount. The contract was signed with Capita and all of the councils are participating. The data matching has been completed and letters are being sent to approximately 45% of the claimants requesting the completion of a declaration on the households entitlement to single person discount. Initial results from the exercise should be available from January 2014 and will be formally reported to the Audit and Governance committee.
Risk Based Auditing	The Internal Audit Manual has been refreshed in the light of the new guidance from the Public Sector Internal Audit Standard (PSIAS) and recommendations arising from the last review of the Effectiveness of Internal Audit, undertaken by CIPFA. Additionally, the Manual has been updated in respect of Risk-Based Auditing to reflect the latest best practice issued by CIPFA.
Audit Plan 2014/15	As a reminder to Members, the planning cycle to develop the Internal Audit Plan for 2014/15 will commence from January 2014. The Chief Internal Auditor will be arranging meetings with key stakeholders including Members, and this will allow for a sharing of ideas to feed into the planning process.

Social Care Debt update

The Adult Social Care Select Committee received a social care debt update at their meeting on 5 September 2013.

Current Debt Summary:

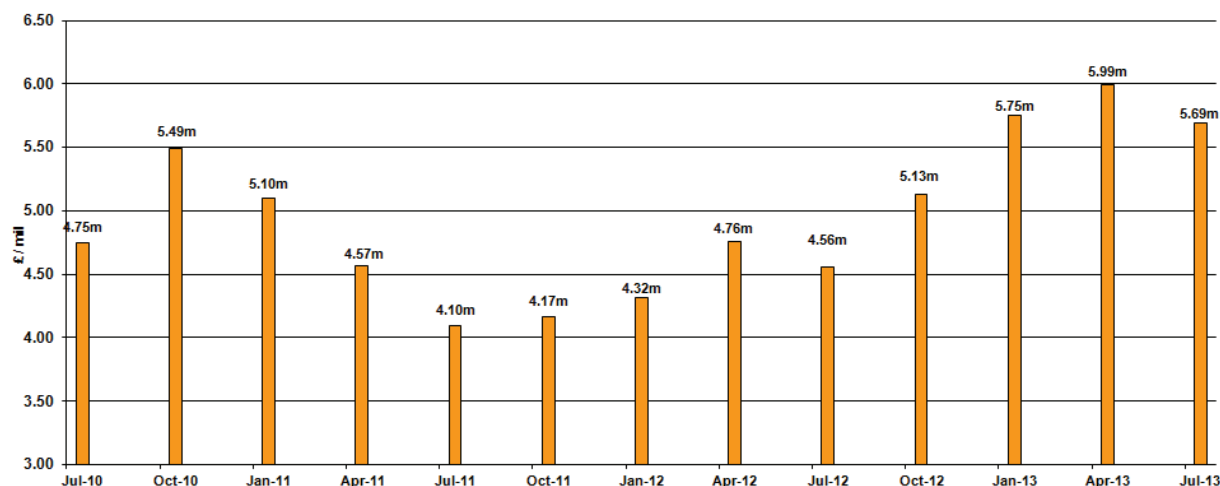
The below table summarises the current debt position as at 31 July 2013.

Debt > 1 Month Note:		July			
£ million					
1	Secured	6.87			
2*	Unsecured (no specific reason identified)	2.81			
2a	Under query	0.71			
2b	Query resolved, requiring adjustment	0.11			
2c	Probate	0.33			
2d	Installments	0.44			
2e	Deferred payment applications	0.22			
2f	Charging orders	0.23			
2g*	Total unsecured debt subject to a recovery 'block'	2.04			
3	Legal	1.98			
4*	Deputyship	0.90			
	Unsecured debt outstanding	7.73			
	Total	14.60			
Charges posted	5	Billing charges posted in month - not yet due	2.66		
Total debt	6	Total debt including charges posted in month	17.26		
% collected	7	% received of amount billed (12 mth avg)	96%		
DD collections	8	% pymts collected by DD	63%		
			IM:	YTD:	TTD:
Legal	9	Number of cases referred	2	8	193
Referrals	10	Value of debt at date referred	0.15	0.51	5.42
Current	11	Number of 'open' cases	59		
Legal Cases	12	Current value of 'open' cases	1.98		
			IM:	YTD:	TTD:
Legal Recovery	13a	Number of cases	7	25	104
	13b	Value of debt collected	0.10	0.17	2.54
	13c	Value of debt secured by charging order			0.16
	13d	Value of debt due by instalments			0.05
	13e	Value of debt no longer in dispute			0.39
	13f	Overall value of legal recovery action			3.15
	13g	Legal costs / expenses			-0.19
	13h	Net recovery - Legal cases			2.96
			IM:	YTD:	
Write-Offs	14	Number of cases	25	68	
	15	Value of debt	0.03	0.09	
	15a	Bankrupt / insolvent / no means to pay		0	
	15b	Deceased - Insufficient Funds		0.04	
	15c	Absconded - unable to trace		0.01	
	15d	Uneconomical to pursue further		0.02	
	15e	Evidence is inconclusive and legal recommendation		0	
	15f	Compromise Settlement		0.02	
			IM:	YTD:	
	*	Unsecured debt not subject to Legal action			
	2*	Unsecured (no specific reason identified)	2.81		
	2g*	Total unsecured debt subject to a recovery 'block'	2.04		
	4*	Deputyship	0.90		
		Total Unsecured debt not subject to Legal action	5.75		

Explanatory Notes:

- 1 Secured Debt: current value of debt secured against property and payable upon a future event
Secured debt: section 55 Deferred Payment Agreement / Legal Charge - payable 56 days after death
Secured debt: section 22 Imposed Legal Charge for failure to pay charges - payable on disposal of property
- 2* Unsecured debt: value of outstanding debt that is not secured against property
- 2a Unsecured debt: a query / complaint has been raised by the debtor
- 2b Unsecured debt: a query / complaint has been resolved and account requires adjustment
- 2c Unsecured debt: deceased case awaiting grant of probate to resolve
- 2d Unsecured debt: payment of arrears by instalments has been agreed
- 2e Unsecured debt: debtor has applied for a deferred payment agreement
- 2f Unsecured debt: a charging order has been applied to property following litigation
- 2g* Unsecured debt: Total: where a reason for non-payment is recorded and dunning suspended
- 3 Current value of cases referred to Legal Services for formal recovery action
Current value of cases referred to the Deputyship Team to investigate and where possible put appropriate arrangements in place to manage the finances of persons who lack mental capacity
- 4* put appropriate arrangements in place to manage the finances of persons who lack mental capacity
- 5 Total value of care charges raised in the last month. These charges become due after 30 days
- 6 Total value of debt owed to Surrey County Council.
- 7 Debt paid as a proportion of charges raised (NB proportion will be lower than 100% as charges include secured debt)
- 8 Proportion of charges collected by direct debit
- 9 Number of cases referred to Legal Services for recovery - IM: in month; YTD: year to date; TTD: total to date
- 10 Value of cases referred to Legal Services for recovery - IM: in month; YTD: year to date; TTD: total to date
- 11 Number of current and 'open' legal cases being pursued
- 12 Value of current and 'open' legal cases being pursued
- 13a Number of Legal cases where debt has been recovered - IM: in month; YTD: year to date; TTD: total to date
- 13b Value of debt recovered from Legal cases - IM: in month; YTD: year to date; TTD: total to date
- 13c Value of debt secured by charging order / legal charge (Legal cases) - TTD: total to date
- 13d Value of debt agreed to be paid by instalments from (Legal cases) - TTD: total to date
- 13e Value of debt no longer 'in dispute' and payment awaiting specific event - e.g probate / sale of property - TTD: total to date
- 13f Gross value of legal recovery action taken - TTD: total to date
- 13g Legal costs / expenses incurred in Legal recovery action (NB net figure - ie it takes account of costs recovered) - TTD: total to date
- 13h Net value of Legal recovery action
- 14 Number of cases approved for write-off in month
- 15 Aggregate value of write-offs approved in month
- 15a Value of write-offs: debtor bankrupt / insolvent / no means to pay
- 15b Value of write-offs: debtor deceased and insufficient funds in the estate to meet the debt
- 15c Value of write-offs: debtor absconded and cannot be traced
- 15d Value of write-offs: uneconomical to pursue the debt further
- 15e Value of write-offs: evidence is inconclusive and legal recommends write-off
- 15f Value of write-offs: compromise settlement reached; balance to write-off

The quarterly trend for the figure of unsecured debt not subject to legal action (lines 2,2g and 4 in the table above) has run as follows over the past three years, which shows some increase since the reductions achieved (largely by significant write-offs) in 2010-11: that is the performance trend which lay behind the need for a RIE. This remains a valid comparative figure, though there is a case for concentrating more broadly on changes in the set of measures set out above.



The full report can be found with the papers for [Adult Social Care Committee on 5 September 2013](#).

Corporate Governance update

Code of Corporate Governance	Following a commendation by Audit & Governance Committee, the Council agreed to include the Code of Corporate Governance in the Constitution at its meeting on 15 October 2013.
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Risk Management update

Risk Management Policy Statement & Strategy	Following a commendation by Audit & Governance Committee, the Council agreed to include the Risk Management Policy Statement & Strategy in the Constitution at its meeting on 15 October 2013.
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Further information

LGA responds to council reserves increase 30 August 2013	<p>Responding to the release of the latest figures on councils' financial reserves, Sir Merrick Cockell, Chairman of the LGA, said:</p> <p>"Reserves are all that stand between councils and financial collapse and this prudent, justified increase is the correct response to the uncertainty facing funding for local services".</p>
The State of the State 2013	<p>The State of the State is an annual report produced by the think tank Reform and Deloitte which aims to provide independent analysis of the UK public sector. The publication brings together new research alongside analysis of hundreds of datasets and the Government's accounts to provide a snapshot of the UK state. The report finds that "Government as we know it is unaffordable" due to growing demand on public services and calls for a mixture of workforce reform, more effective use of technology, and focused performance management to resolve falling levels of national productivity.</p>

Pooling Arrangements for Academies within the Local Government Pension Scheme: Consultation October 2013	This consultation on proposals for pooling arrangements for academies and local authorities within the Local Government Pension Scheme is due to close on 15 November 2013.
Can-do councils leading transformation of local government 9 October 2013	<p>Local Government Minister Brandon Lewis has announced 18 local authorities will share a £6.9million fund for overhauling how they do business, as part of the government's pledge to transform public services. The money is aimed at helping councils to integrate local health and care services, sharing finance and human resource functions and create partnerships for better asset management. This follows the announcement in the spending review that there will be a £100 million Transformation Fund available from 2015 which will aim to help even more councils set up shared services and combine their operations for service delivery.</p> <p>In Surrey – One of the winning bids includes a £750,000 award to implement shared services between Surrey and East Sussex county councils and their respective Fire Authorities.</p> <p>For more information please contact Julia Kinniburgh on julia.kinniburgh@surreycc.gov.uk.</p>

Updates from other Committees

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

Cabinet	<p>At his meeting on 4 September 2013, the Cabinet Member for Adult Social Care considered the following report:</p> <ul style="list-style-type: none"> • Sourcing & Admin Review: IT Placement Portal and Delivering Best Value Training Programme Invest to Save Bid • Sourcing & Admin Review: Staffing & Systems Invest to Save Bid (Part 2) • Approval of Invest to Save Funding for Continuing Health Care (Part 2) <p>At its meeting on 24 September 2013, the Cabinet considered the following reports:</p> <ul style="list-style-type: none"> • Budget Monitoring Report for August 2013 • Technical Consultations on 2014-15 and 2015-16 Local Government Finance Settlement and Revised Pooling Prospectus <p>At its meeting on 22 October 2013, the Cabinet considered the following reports:</p> <ul style="list-style-type: none"> • Budget Monitoring Report for September 2013
Council Overview & Scrutiny Committee	<p>At its meeting on 12 September 2013, the Committee considered the following reports:</p> <ul style="list-style-type: none"> • Business Planning 2014-19 Update • Budget Monitoring July 2013 • Investment and Trading <p>At its meeting on 3 October 2013, the Committee considered the following report:</p> <ul style="list-style-type: none"> • Budget Monitoring August 2013

	<p>A task group of the Committee met to review audit reports issued since February 2013 and to consider the way forward on Select Committee review of internal audit reports. A manager from Internal Audit and the chairman of Audit & Governance Committee were present at the meeting to give guidance. The detailed arrangements are being developed by the Chief Internal Auditor, and progress will be reported to Audit & Governance Committee.</p>
Adult Social Care Select Committee	<p>At its meeting on 5 September 2013, the Committee considered the following reports:</p> <ul style="list-style-type: none"> • Budget Update July 2013 • Income/Debt Update Report <p>At the meeting on 20 September 2013, held to call-in decisions of the Cabinet Member for Adult Social Care, the Committee considered the following reports:</p> <ul style="list-style-type: none"> • Continuing Health Care Team Invest to Save Bid • Staffing & Systems Invest to Save Bid <p>The Chairman of Audit & Governance was called as a witness, and as a result the workings of the Investment Panel are being reviewed. A report will be considered by the Audit & Governance Committee at its next meeting.</p>
Environment & Transport Select Committee	<p>At its meeting on 11 September 2013, the Committee considered the following reports:</p> <ul style="list-style-type: none"> • May Gurney/Kier Contract – 12 Month Review <p>At its meeting on 23 October 2013, the Committee considered the following report:</p> <ul style="list-style-type: none"> • Internal Audit Report: Highways Contracts Lot 5 – Highway Flood Prevention
Surrey Pension Fund Board	<p>At its meeting on 20 September 2013, the Board continued to consider governance issues and investment proposals.</p>

Upcoming

The next meeting of the Audit & Governance Committee is on 2 December 2013. The following items are on the agenda:

- External Audit: Annual Audit Letter and Fee Letter
- Treasury Management Half-Year Report
- Review of the Investment Panel
- Risk Management Half-Year Report
- Governance Update Report
- Internal Audit Half-Year Report
- Half-Year Irregularities Report
- Update on PAMS
- Completed Internal Audit Reports
- Annual Report of the Audit & Governance Committee

Committee Contacts

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