

Completed Audit Reports (November 2013 – March 2014)

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
<p>SCC's Contract Management Framework</p>	<p>The Procurement and Commissioning Public Value Review and the Councils' Procurement Strategy both highlighted the importance of developing the Council's contract management capacity, focusing on strategic and critical contracts and providing training and technology to help enable this.</p> <p>Procurement staff are currently conducting contract management capacity development work alongside specific Services and this audit included some preparatory support work by Internal Audit on behalf of Procurement</p>	<p>A Contract Management Framework has been developed by Procurement, including assessment tools, IT solutions (Software by In-tend) and training. This substantially enhances the previous arrangements in place.</p> <p>The new arrangements are being rolled-out service by Service across the authority. Some departments may need to be won to the new approach and invest resources in implementing it. A cautious approach by procurement means project management has initially needed to be more informal, but this may now be worth reviewing.</p>	<p>Some Improvement Needed</p>	<p>The Framework developed by SCC procurement should be described on SNET and referenced in an update to the SCC Procurement Team's 'Contract Management Manual 2012'. (M)</p> <p>The In-tend Implementation Project should be advertised on SNET with a statement of support for the Project Sponsor, explaining its benefits. (M)</p> <p>The Head of Procurement should seek clear CLT endorsement of the contract management framework roll-out project. Each Directorate should be asked to select timeframes for the roll-out of the project by 31 March 2015. A formal project plan for a properly resourced and prioritised roll-out of the framework should be agreed by 31 March 2014. (H)</p> <p>There are three additional medium priority recommendations in this review that relate to the specifics of three very different contracts, including the Manpower Agency Workers contract.</p>

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<p>SCC's Contract Management Framework cont'd</p>	<p>An electronic system tendering and contract management system is also currently being rolled out by Procurement.</p>	<p>The take-on of data into the new Contract Management System (CMS) has mainly been implemented by Procurement staff, often from old system records. The quality of data take-on needs to be good to realise the benefits of the system.</p>	<p>Some Improvement Needed</p>	<p>The In-tend implementation project officer should give further consideration to the controls in place over data entry in the CMS system to ensure that data is more consistently recorded and can then be easily queried. (M)</p> <p>For the Mainstream School Coach contract, the Transport Co-ordination Centre Team Manager should consider the need for specific risk register entries regarding the risks to children re: collection after alighting from SCC-commissioned coach services, the lack of escorts on reception class coaches and the use of CCTV on school transport coaches. These risks will need discussing with the Schools & Learning Service client. (M)</p>

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Health & Safety in Schools	<p>This audit looked at the support the authority provides schools in relation to Health & Safety. In respect of maintained schools the authority is considered the employer by the Health and Safety Executive with appropriate responsibility. However on a day to day operational basis responsibility lies with the school Head Teacher with the authority facilitating and supporting this in a number of ways.</p>	<p>The Strategic Risk Team in Children Schools and families provides schools with advice, guidance and training and carry out inspections at schools.</p> <p>Property Services inspect community and voluntary controlled schools and provide options to buy back services for statutory inspection and maintenance for all maintained schools.</p> <p>Environment and Infrastructure provide support to schools around road safety.</p> <p>The auditor concluded that the support provided by authority mitigates the risk of harm to individuals and breaches of legislation.</p>	Some Improvement Needed	<p>Management from Schools Health & Safety (Strategic Risk Management) to liaise with Property Services to formalise arrangements for information exchange (eg of health and safety risks recorded on PAMS) (M)</p> <p>Property Services to maintain a formal record of statutory inspections in schools and inform the Strategic Risk Team Manager in Children' Schools and Families when these have not taken place. (M)</p>

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Smallholding (Rural Estate)	<p>The Council has a smallholding portfolio of approximately 1,223 hectares (3,022 acres) with around 100 tenants occupying a mixture of dairy farms, grassland farms (i.e. beef), smallholdings (including horticultural units) and grazing as well as cottages. In March 2012 an independent valuation by managing agents Chesterton Humberts valued the estate at £43.674m (2011 £36m) with rental income of £497,900 per annum (yield 1.29%).</p>	<p>The current management contract, due to expire on 31 March 2014, was found to be operating satisfactorily with a good flow of timely and detailed information between client and the contractor and open and regular communication.</p> <p>Whilst overall strategies for Property Services in general and the Rural Estate (RE) in particular have been developed these need to be supported by more detailed statements of how these will be 'translated' into actions. The details provided to Internal Audit during the course of the review showed that this process has begun, however, there is still some way to go and management will need to monitor progress towards their completion closely.</p> <p>Objectives and targets have been set within the various strategy documents though management must continue to recognise that achievement of these may depend upon factors not directly within their control.</p>	Some Improvement Needed	<p>Management should ensure that the management plan detailing preferred / intended options at the individual property level is completed as soon as possible and that the appropriate management and member approvals are received prior to its implementation. (M)</p> <p>In the production of the more detailed action plan to support achievement of the stated objectives for the RE, management should ensure that all relevant options are considered, consulted on and properly costed. In particular, options available around the methods that could legitimately be employed to facilitate amalgamation of tenancies should be explored. (M)</p> <p>Management should prepare a plan for addressing the current backlog in maintenance which should include details of funding sources to be employed and indicative target dates aligned with any planned development for individual properties. The plan should be subject to regular review an update to reflect the present status 'on the ground'. (M)</p>

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Trust Funds	<p>During 2012/13 Surrey County Council (SCC) acted as a custodian trustee for a total of 42 funds and was also one of several trustees for a further four funds. As a custodian trustee SCC holds the property of the trust. Funds held in this way do not form part of the assets and liabilities of the council and are therefore not included in the balance sheet. Instead details of the holdings are reported as a note to the annual financial statements (Note 48 in 2012/13 accounts). The total value of funds held as at the end of the financial year 2012/13 was £5.013m represented by investments of £3.189m and cash holdings of £1.824m.</p>	<p>Governance / reporting arrangements for trust funds are fragmented with responsibility generally retained centrally at directorate level with no independent forum in place to monitor their use. In order to make their management more transparent to elected members and the public there may be scope to consider devolvement of control / decision making of selected funds to a nominated body. Where funds are geographically specific this could be the Local Committees if considered appropriate.</p> <p>A significant number of smaller funds are held for 'educational purposes' where the intended recipient (e.g. school) either no longer exists or has been amalgamated / renamed. The size of these funds precludes any meaningful investment being made. Management are now actively investigating possible avenues for the transfer of these funds to ensure that they may be used in line with the terms of any bequest.</p> <p>There are also a smaller number of funds with significant balances where income from investments far exceeds expenditure incurred. This has led to a growth in the value of the funds and there does not appear to be plans in place on how these are to be employed.</p>	Some Improvement Needed	<p>Management should review the arrangements surrounding the control and reporting of trust funds to aid transparency where the county council operates as the sole custodian. (M)</p> <p>Management should ensure that funding recipients provide the required evidence of expenditure and that this is subject to scrutiny as appropriate. In cases where funds remain unexpended then these should be recovered as soon as practicable. (M)</p> <p>Management should continue to ensure that the required information is received in a timely manner from Community Foundation for Surrey along with adequate and independent assurance as to its accuracy and completeness. (M)</p> <p>Management should review the options for the future use of the Henrietta Parker Trust in order to ensure that the maximum benefit may be obtained for its intended recipients within any attached legal constraints. The review should actively seek the views of both current and potential users, local members and any other interested parties. (M)</p>

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<p>Residential Care Homes – Managing Residents’ Monies – Follow-up Audit</p>	<p>SCC supports more than 260 permanent residents across its in-house residential care homes. Officers at residential homes provide varying levels of support to residents in managing their monies depending on their ability to manage their own finances.</p> <p>An audit of Managing Residents’ monies completed in September 2012 attracted a Major Improvement Needed audit opinion.</p> <p>This follow-up audit looked to form an opinion on progress made in implementing the recommendations arising from the earlier audit.</p>	<p>The audit report issued in September 2012 made 23 recommendations of which seven were high priority. By June 2013 the service had made substantial progress to address these and an update to Audit and Governance Committee showed all high priority recommendations as implemented.</p> <p>New guidance and a training programme have facilitated a consistent approach to managing residents’ monies. Further, the guidance defines roles enabling requests for support to be directed appropriately.</p> <p>The auditor’s visits to four homes indicated that officers were both aware of the updated procedures and also compliant with them.</p> <p>The auditor concluded that the service is adequately managing the risks associated with residents’ personal monies</p>	<p>Effective</p>	<p>N/A no recommendations made</p>

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Surrey Local Assistance Scheme	<p>The Surrey Local Assistance Scheme (LAS) was launched on 1 April 2013 following the cessation of two components of the Department for Work and Pensions' (DWP) Social Fund: Community Care Grants; and Crisis Loans.</p> <p>Surrey County Council received £1.16million from central government to administer the scheme in 2013/14, including administration costs. At the end of November 2013 a total of 1,496 awards had been made with a sum value of £183,000</p>	<p>A clear policy is in place that defines the principles of the scheme and guidance documentation is underpinned by comprehensive research. Consequently the LAS Team are well-equipped to carry out their roles and a documented information resource is available for reference.</p> <p>Fraud risks have been assessed and appropriate mitigating action taken.</p>	Effective	N/A no recommendations made

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Customer Services	<p>The focus of this review was to review the role played by the Customer Relations Teams (CRT) in handling complaints received by the Council.</p>	<p>The policies and procedures in place for handling complaints were generally effective.</p> <p>Within Adult Social Care (ASC) each operational team records their complaints on a control sheet which is then added to an ASC master complaints spreadsheet. This information is then uploaded to the Performance Plus system and reported quarterly to the Council Leadership Team (CLT). The auditor found some discrepancies between complaints recorded on the ASC spreadsheet and reported through Performance Plus. In addition, CLT only receive information on complaints responded to, not complaints received in a period which is also likely to be of interest.</p> <p>Training courses offered via the S:net Portal are recorded on the Corporate Training Admin system. Training is also offered at numerous team meetings by all 3 CRTs but not formally recorded.</p> <p>The new training strategy to address the above and improve the quality of Stage 1 responses to reduce further escalation is in draft form.</p>	Some Improvement Needed	<p>The recording of performance information on the ASC master spreadsheet should be consistent, timely and complete and used as the single source to enable the performance reporting information for the Council Leadership Team (CLT) via the Performance Plus system and Quarterly Accountability Meeting (QAM) presentations to be generated. This should provide up to date and accurate information to senior management in ASC and SCC for decision making while removing discrepancies and enabling this process to be transparent and administratively efficient (H)</p> <p>Details of all training provided across the Council by the Corporate Training Team (CTT), the 3 CRTs and e-learning should be formally recorded to produce accurate training attendance statistics (M)</p> <p>The draft training strategy should be finalised to capture all training given by the CRTs and improve the quality of responses at Stage 1 to reduce complex complaints escalating to Stage 2 and the Local Government Ombudsman (M)</p>

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Adults and Community Learning (now known as Community Learning and Skills)	The Adult Skills Budget is one of the ways to increase learning opportunities for those with limited knowledge skills and experience. Community Learning and Skills provides learning, funded through the Skills Funding Agency (SFA). This review looked at the compliance with the SFA Funding Rules	<p>There were opportunities to strengthen compliance with the funding rules. This was the first full provision of the courses under the new rules. Management had recognised that there was a need for improvements and had recruited a support team that were about to start at the completion of the audit. There is a need for a consistent approach for the completion and monitoring of records.</p> <p>Only one officer within the service knew how to access the system for uploading information to the SFA and this officer was absent on leave at the time of the audit so the system could not be demonstrated.</p> <p>There was also a need to review information governance arrangements.</p> <p>Actions have already started on the recommendations and the new administration team will be an asset in enabling compliance.</p>	Some Improvement Needed	<p>Ensure there is a robust process, including monitoring of records to ensure the Council is compliant with the SFA funding rules. (H)</p> <p>Improve resource resilience for the data submission process to SFA so that any unplanned absences can be managed. (H)</p> <p>Ensure compliance with the Data Protection Act particularly with regard to tutors holding information regarding learners. In particular, data retention schedules should be updated. (H)</p>

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Imprest Accounts	<p>Imprest Accounts provide cash advances to enable emergency or irregular payments to be made by cash or cheque, where this is appropriate to meet specific service needs. At the planning stage of the audit the council operated 120 separate bank accounts with imprests ranging from £50 to £25,000. Total value of funds held in these accounts totalled £218,825.</p>	<p>Whilst there is a view held in some quarters that the availability of purchasing cards negates the need for these imprest accounts in the majority of instances this is not the case. Access to cash remains important in a number of cases.</p> <p>Although Internal Audit's work did not reveal any serious weaknesses there were a number of recurring themes at some establishments-</p> <ul style="list-style-type: none"> • failure to clearly evidence that documentation had been reviewed by management as part of the control process; and, • no formal handover record where responsibility for cash transferred from one officer to another (e.g. to cover periods of annual leave). 	Some Improvement Needed	Management should consider issuing a general reminder, perhaps in the form of a 'Best Practice' note, to reaffirm the duties and responsibilities of account holders (M)

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Treasury Management	<p>Treasury Management (TM) within Surrey County Council (SCC) is concerned with:</p> <ul style="list-style-type: none"> • cash flows, banking, money market and capital market transactions; • the effective control of the risks associated with those activities; and • the pursuit of optimum performance consistent with those risks. 	<p>The Treasury Management function implemented a recommendation made at the previous audit regarding the production of a specific Treasury Management risk register. The first draft of the register was presented to the June 2013 Audit and Governance Committee but had not been updated since then.</p>	Effective	<p>The Strategic Manager for Pensions and Treasury should ensure that the Treasury Management risk register is reviewed quarterly and that such reviews are clearly evidenced. Where possible risks should include metrics, to help further highlight where actual performance is starting to become a concern (M)</p>
Corporate Policies - Control Risk Self Assessment	<p>SCC's Code of Corporate Governance describes the methodology for the annual review of governance. The Code refers to a list of 31 policies that are of key importance to ensuring good governance</p>	<p>Information on the number of Data Protection Act breaches is not widely available during the year, which may mean that sufficient attention may not be given to managing any trends in the numbers.</p> <p>Specific areas of SCC's IS Security Policy are aspirational and not yet in place.</p>	Some Improvement Needed	<p>Data on the number and nature of data protection breaches should be more regularly collated and reported to appropriate forums. (M)</p> <p>The Head of IMT should ensure that the processes referred to in SCC IT Security Policy which are not yet in place are addressed within the next six months, or marked as aspirational standards in the policy (M)</p>

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<p>Corporate Policies - Control Risk Self Assessment Cont'd</p>	<p>Using a cyclical programme of Control Risk Self Assessment Questionnaires (CRSA), the extent to which staff in middle and senior management grades are aware of the contents of specific policies and comply with them is assessed each year</p>	<p>The Data Protection policy may not contain sufficient guidance and direction to staff, who may not all have access to SNET and may not see some of the supplementary guidance and relevant material in other policies</p> <p>There is too much repetition of other HR policies in the Staff Code of Conduct and it does not provide a sufficient set of links to other relevant policies. The Staff Code of Conduct may not be providing sufficient guidance on expected staff behaviour. The Code is a key document in relation to other codes and potential employment law cases and therefore needs to elaborate on behaviour.</p>	<p>Some Improvement Needed</p>	<p>Corporate Information Governance Manager should consider alternative approaches to presenting the Data Protection Policy, perhaps by merging Data Governance and Data Protection policies and some other material on SNET and more specific links to appropriate guidance in the IT Security policy. (M)</p> <p>Review the overall structure of the Staff Code of Conduct to ensure it is concise but that it contains all the appropriate links to more detailed guidance that sits outside the policy. (M)</p> <p>Consider adding more detail to the Staff Code of Conduct to help clarify the corporate standards of behavioral that are required from staff. (M)</p>

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Corporate Policies - Control Risk Self Assessment Cont'd	Using a cyclical programme of Control Risk Self Assessment Questionnaires (CRSA), the extent to which staff in middle and senior management grades are aware of the contents of specific policies and comply with them is assessed each year	<p>Most managers stated that there were risk assessments for their staff, that they were reasonably current; and that staff would know where to access them. However, around one third of managers could not provide such assurances. Relatively few staff have benefited from Team or Service Wellbeing Assessments, which may impact upon the resilience of staff to deliver services under increasingly demanding and difficult circumstances.</p> <p>A number of staff related policies were due to be revised in 2013/14 but this has yet to taken place.</p>	Some Improvement Needed	<p>Directorate H&S leads should be asked to undertake periodic test checking in their respective areas to confirm that there are current risk assessments for all staff which can be readily accessed by those staff. (M)</p> <p>Consider a further communication campaign on the benefits of Service and Team Wellbeing Plans and Individual Wellbeing Assessments outside the appraisal process. (M)</p> <p>Ensure that all policy updates envisaged following the 2012/13 CRSA audit are promptly completed and reported back to the Governance Panel. (M)</p>

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SIMS/FMS	<p>The Schools Information System (SIMS) is a data management system used by schools to record data on operational and financial aspects of school activity.</p> <p>The focus of this audit review was on the financial module within SIMS, known as the Financial Management System (FMS)</p>	<p>The FMS system includes a number of controls which should help identify incorrect financial entries. In particular, the process of monthly submissions to SCC for accounting purposes allows a reconciliation of a number of key figures within SCC databases, and in some cases BACS information, back to schools' local reports.</p>	<p>Some Improvement Needed</p>	<p>Although there were no recommendations aimed at schools, Internal Audit have agreed to carry out some additional work including encouraging best practice for IT security in schools via the Schools' Bulletin and other forums.</p>

¹ Audit Opinions

Effective	Controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
Some Improvement Needed	A few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
Major Improvement Needed	Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.
Unsatisfactory	Controls evaluated are not adequate, appropriate, or effective to provide reasonable assurance that risks are being managed and objectives should be met.

² Audit Recommendations

Priority High (H) - major control weakness requiring immediate implementation of recommendation

Priority Medium (M) - existing procedures have a negative impact on internal control or the efficient use of resources

Priority Low (L) - recommendation represents good practice but its implementation is not fundamental to internal control

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