

Completed Audit Reports (October – November 2014)

Annex A

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
<p>Local Sustainable Transport Fund 14/15</p>	<p>In July 2011, SCC was successful in its Local Sustainable Transport Fund (LSTF) 'Key Component' grant funding bid of £3.9m for its TravelSMART scheme.</p> <p>In June 2012, SCC secured further funding of £14.304m to develop and expand the TravelSMART initiatives via a 'Large Project Bid' which after local contributions had a total project pot of £20.434m.</p> <p>2014/15 will be the fourth year of delivery of the Key Component and the third year of the Large Bid scheme.</p>	<p>Staff costs recharges in the first part of 2014/15 were not yet in line with estimates. This creates an additional risk of underspending of the grant awarded and a potential overspend pressure on the E&amp;I directorate budget.</p> <p>A certification return on 2012/13 LSTF funded capital spending was not submitted by the due date or an extension date applied for.</p> <p>A 2013/14 return is needed for the Key Component and Large Bid capital spend. There has been some staffing changes amongst those most able to explain and evidence costs charged to the relevant cost centres in 2013/14.</p> <p>Some difficulty has been encountered in resolving the eligibility of some mobilisation costs associated with the Onslow Park and Ride.</p>	<p>Some Improvement Needed</p>	<p>Ensure rigorous monthly monitoring and direction of staff to record the agreed proportions of their salaries to this programme. Any slippage to be reported to the E&amp;I Senior Management Team. <b>(M)</b></p> <p>Finance and Internal Audit should work together to establish a clear process to improve the overall arrangements for the management of work on grant claims by reintroducing a register of all grant claims, which shows submission deadlines and identifies each contributor's role. <b>(M)</b></p> <p>Finance and LSTF Programme staff to complete the evidencing of 2013/14 LSTF-funded capital expenditure such that if, as is likely, a further financial return is required, one can be submitted within the DfT's timescales. <b>(M)</b></p> <p>Ensure that all further returns are submitted by the deadlines and ensure that claims are properly supported with evidence for key transactions. Furthermore, the LSTF monthly programme meetings should more rigorously track the resolution of concerns raised during audits. <b>(M)</b></p>

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Local Sustainable Transport Fund 14/15 cont'd		A lease between Guildford BC and the University of Surrey for the land on which the Onslow Park and Ride is built has yet to be signed. Another lease that will enable power to be provided to the facilities on the site is also outstanding.	Some Improvement Needed	SCC to encourage the other parties to the Onslow Park and Ride scheme to complete the lease for land that the scheme is on and the sub-lease for the land that is needed to install the power supply. This influencing to be clearly linked to the use of LSTF funding for the access improvements, which ought now to be cash limited to amounts in current plans. <b>(M)</b>
Youth Service Commissions	In 2013 Services for Young People (SYP) undertook a review of five of its operating models (Centre Based Youth Work, Local Prevention Framework, Skills Centres, Year 11/12 Transition and Youth Engagement). This audit sought to validate the evidence base for this review to ensure the correct conclusions were drawn to inform the next round of commissioning.	<p>Overall the evaluation report provides a useful assessment to inform re-commissioning.</p> <p>There is a lack of consistent connection between the data on performance outputs and the headline SYP objectives, which does not allow easy assessment of the effectiveness of service provision.</p> <p>The evaluation report discusses a broad range of views expressed by young people on the commissioned services, however the small number of responses from young people compared with the number accessing SYP creates a significant margin of error in the results.</p>	Some Improvement Needed	<p>SYP should consider amending the Objectively Verifiable Indicators used in future commissions to ensure there are clearer links between measurable outputs and desired outcomes. <b>(H)</b></p> <p>SYP to consider alternative vehicles to gain a more comprehensive understanding of young people's views on commissioned services (eg an on-going feedback channel rather than a one-off exercise) <b>(M)</b></p>

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Surrey Fire & Rescue Service (SFRS) Premises Information	Recurring incidents of firefighter deaths in active service nationwide have been partly attributed to a lack of accurate and timely information available to responding crews. Key legislation requires all Fire & Rescue Services to make arrangements for obtaining information needed for the purposes of extinguishing fires and protecting life and property.	<p>The audit concluded that assurance can be taken that the systems in place are both robust and fit for purpose. Premises information is gathered from a variety of sources and shows good working relationships.</p> <p>This is limited opportunity currently to obtain local information on private residences.</p> <p>Capacity issues may limit the effective implementation and on-going use of the New Community Risk Information System (CRIS) that has replaced the previous manual system.</p> <p>Training for firefighters on the use and understanding of data available through the Mobile Data Terminals is left to individual stations to organise. There is no standard text on what to cover, or how to assess the firefighter's level of understanding.</p>	Some Improvement Needed	<p>Consider development of a web-based form for the public to directly contribute occupier/domestic risk information. <b>(M)</b></p> <p>Consider resourcing options, including securing an apprentice, to address capacity issues. <b>(M)</b></p> <p>Implement the draft provisions of the Regional Framework which specifies a standard for training. <b>(M)</b></p>

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Procurement Savings Audit	<p>The Authority's 2014/15 budget was approved by Cabinet in March 2014. This budget includes a specific target of £65.8m of savings, some part of which would come from more economic procurement and commissioning activity, managed by either Services or the Procurement Team in the Business Services Directorate, or both working closely together.</p>	<p>A Surrey and East Sussex Procurement Partnership Savings Methodology offers some advice on how to categorise savings. It has had some early feedback from Finance and Internal Audit but now needs finalisation and re-issuing.</p> <p>The MTFP includes £40.7m of savings targets, where the responsibility and source for these savings is not yet identified. Some of this sum may need to be achieved by even more challenging targets for Services, which will need even more support from the Procurement and Commissioning Team, given that approximately one-third of SCC's expenditure is typically on non-pay costs.</p> <p>Finance and Procurement have their own data and systems to monitor savings, which have operated on different interpretations of what constitutes a saving. This may have made tracking the delivery of agreed cashable savings more difficult.</p>	Some Improvement Needed	<p>Procurement should continue to work with Finance staff within SCC to complete the review of the draft SCC and ESCC Savings Methodology. The document should include clearer definitions of savings and other activities which are scored on the Savings Delivery Forms. <b>(M)</b></p> <p>The Procurement and Commissioning Team should seek further opportunities with Services to identify savings opportunities to help address some of the currently unidentified savings target in the MTFP. This may involve further investment in resources to research novel and innovative ways to reduce the costs of goods and services procured by the Authority and then advising Services of the options. <b>(M)</b></p> <p>Finance and Procurement should continue the development of harmonised data and systems on savings, such that a full reconciliation of the relevant data held by both Services can be readily produced when needed and that there is full visibility across the two systems by all staff responsible for tracking savings. <b>(M)</b></p>

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Procurement Savings Audit cont'd		<p>There appeared to be some confusion over the specific need for a finance sign-off for one of the savings reviewed. The savings monitoring process does require Finance to sign-off agreed saving and delays could result in inaccurate reporting of savings achieved and forecast.</p> <p>The expected saving from a review of the B4S contract is likely to be much reduced, due to a fundamental misunderstanding of the basis of funding.</p> <p>Previously, in warmer years, when energy consumption for heating has fallen, this has resulted in a procurement saving been recorded. Staff from four services are currently discussing an approach to separating out the impact of weather on the demand for energy for heating in SCC buildings.</p>	Some Improvement Needed	<p>Finance staff should be reminded of the need to provide a reasonably prompt response to requests for sign-off of procurement savings where actually achieved. <b>(M)</b></p> <p>Procurement should re-examine the basis for expected savings from the B4S contract review and amend the baseline, forecast and actual saving achieved figures as necessary. <b>(M)</b></p> <p>Procurement should adopt the same approach to quantifying efficiencies on energy usage as is decided by an officer group that are also considering this issue. <b>(M)</b></p>

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Apprenticeship Scheme	<p>In Surrey there are three main elements to the council's involvement with apprenticeships:</p> <ul style="list-style-type: none"> <li>• Surrey's own directly employed by the council apprentices are part of a scheme managed by HR.</li> <li>• Apprentices placed with our suppliers are supported by a scheme managed by Procurement.</li> <li>• Apprentices working with organisations we don't have a procurement relationship with are supported by Youth Services.</li> </ul>	<p>The council's apprenticeship scheme has been successful in increasing the number of apprenticeships in Surrey exceeding the 2013/14 target of 500 new apprenticeships. Risks are well managed with staff, apprentices, and supporting organisations reporting general contentment with the training, process and employment support available.</p> <p>Changes to the grant funding available could result in fewer apprenticeship places being available.</p> <p>Changes in funding arrangements offer an opportunity to consider how the scheme should be managed going forwards.</p> <p>There is not currently a set of objectives or subsequent metrics guiding and measuring the success of the scheme.</p> <p>There was no central monitoring of the reasons for leaving an SCC apprenticeship.</p>	Some Improvement Needed	<p>Consider how to mitigate the risks associated with funding changes. <b>(H)</b></p> <p>Consider creating a permanent apprentice placement and support function that oversees all areas of the scheme. <b>(H)</b></p> <p>Develop a strategy overarching the three apprenticeship schemes in Surrey. <b>(H)</b></p> <p>Periodically report on the "Reasons for Leaving" of apprentices with a particular focus on negative outcomes to ensure wider corporate learning. <b>(M)</b></p>

## <sup>1</sup> Audit Opinions

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

## <sup>2</sup> Audit Recommendations

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

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

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

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