

# Audit & Governance Committee

## 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

Changes in the Code of Practice on local authority accounting	Jonathan Evans of the Corporate Finance team has provided a briefing note on changes in the Code of Practice on local authority accounting as requested at the meeting of the committee on 9 April. 
Adult Social Care Budget	On 10 April 2015, the Adult Social Care Committee considered the latest budget monitoring position for the Adult Social Care directorate. The report is attached below.  The Minutes of the meeting will be published <a href="#">here</a> on the Council website in due course: <a href="http://mycouncil.surreycc.gov.uk/ieListDocuments.aspx?CIId=143&amp;MIId=3630">http://mycouncil.surreycc.gov.uk/ieListDocuments.aspx?CIId=143&amp;MIId=3630</a>
Schools accounting	At a previous meeting of the Audit & Governance Committee, the Director of Finance was asked to look into the process and legal issues which follow schools being removed from the council's accounts and report back. The following response has been provided:  Finance has worked with Legal Services to examine the legal issues surrounding the removal of academy schools from the council's balance sheet. The creation of academy school status and the conversion of local authority schools to such status has the backing of statute. This over rides all other conventions. Converting to academy status for a school is the removal of a function from a local authority, and as in the case in the past of the police and magistrates courts. In these cases, the assets of the function are transferred, but any liabilities relating to past borrowing remain with the local authority.

PAMS progress	A briefing on the implementation of PAMS and the updated MAP is to be brought to a future meeting of the committee. An update on progress is attached. 
Babcock 4S reconciliation of specific schools' balances	On 9 April 2015, officers were asked to provide a progress update on whether Babcock 4S has provided adequate assurance on the reconciliation of specific Schools balances within the appropriate timeframes. The following response has been provided by the Chief Internal Auditor:  Finance has confirmed that the balances relating to Period 8 - which at the time of the audit had not been fully reconciled - have now been fully certified. Furthermore, in line with Finance requirements Babcock have returned their Period 11 certification and Finance expect to receive a return of reconciled codes from Babcock on 30 April for the Period 13 return in accordance with their closing guidance.  Period 12 certifications are not required as the balances are constantly moving right through to the end of period 13.
Select Committee Review of Internal Audit Reports	On 9 April 2015, the Chairman suggested that the process for select committee review of Internal Audit reports be modified to reference existing practice by the Regulatory Committee Manager to keep a log of select committee reviews which is then shared with the Chairman on a regular basis to enable him/her to take a view of whether any actions need to be taken. The amended process is attached below: 
<a href="#">Local Government Governance Review 2015: All Aboard?</a>	On 9 April 2015, the Chairman discussed a report by Grant Thornton which considered the impact of Internal Audit departments on the public sector. The report can be <a href="#">found at the link</a> . Of particular interest are pages 6-9.

## Internal Audit update

Current Audits	The following audits are currently in progress or at the planning stage:  Community Learning School Planning/Admissions Local Safeguarding Children Board Managed Print Service Children's Safeguarding QA Process Capital Expenditure Monitoring Waste Management and Minimisation Transport Coordination Centre - New System Consultancy Fuel Card - Follow-up Audit
2015/16 Internal Audit Plan	The 2015/16 Internal Audit Plan was approved by the Audit and Governance Committee on 9 April 2015. The Internal Audit team will discuss the scope and timing of specific audit reviews within the plan with relevant senior officers as part of regular service liaison meetings.

Counter Fraud Work	<p>The fraud awareness presentation developed by the Internal Audit team has now been presented to more than 480 members of staff in key service areas including Children's and Safeguarding Service and Adult Social Care. Following excellent feedback and to meet demand, we are now looking to deliver these presentations to larger groups.</p> <p>As the lead partner, Internal Audit have submitted a progress report to the DCLG on the counter fraud fund. To date the following action has been taken in line with the bid: Borough and district partners have appointed investigator resource and have been working with Housing Partners to commence work tackling tenancy fraud. Fraud awareness training has been commissioned and will be delivered to bid members and housing sector partners. A housing sub group has been convened and opened to all Surrey boroughs &amp; districts (four were not originally part of the bid) and six housing partners.</p> <p>Investigators are currently investigating over 30 homeless / housing cases and borough and district partners are all participating in a data matching exercise targeting housing allocation lists. In addition, partners are also already using funding to increase resource verifying applications for Housing Register, Homelessness and Right to Buy. A sub group has also been established to consider Business Rates avoidance.</p>
Partnership Working	<p>At a meeting of Elmbridge Borough Council's Audit &amp; Standards Committee in March, members of that Committee supported a recommendation to progress partnership working with SCC for the provision of Internal Audit services including the role of Chief Internal Auditor. SCC have agreed to provide audit manager resource to act as Head of Internal Audit and auditor resource to help deliver the Elmbridge audit plan. Pending agreement of a Memorandum of Understanding the partnership will come into effect from 1st July 2015.</p> <p>Meanwhile Internal Audit management are also exploring opportunities to work more closely with Spelthorne Borough Council. Meetings have been held with the Head of Internal Audit at Spelthorne to discuss the possible provision by SCC of some Internal Audit resource. Further discussions with the Director of Finance at Spelthorne will take place in June.</p> <p>As part of closer working with East Sussex County Council, the SCC Internal Audit Management team will meet in June with counterparts in East Sussex County Council to discuss common areas of work and opportunities to share intelligence and best practice. On an operational level, the two teams are in regular contact to share best practice and discuss emerging risks when planning common audits.</p>
Staffing News	<p>A new agency member of staff, John Edwards has joined the team. John has extensive experience of working in Internal Audit in both the public and private sector and is working on audits of Consultancy and Fuel Cards (follow-up).</p> <p>We are sorry to say farewell to Lyle Lumsden, IMT Auditor, who leaves at the end of April to take up a work opportunity outside the council. Lyle has recently completed audits on Telecare and Highways - Safety Defects and Inspections.</p>

## Further information

<p><a href="#">Stronger Futures: Development of The LGPS (Grant Thornton)</a></p> <p><b>February 2015</b></p>	<p>Grant Thornton's national report on the governance in local government pension scheme.</p>
<p><a href="#">Local Government Transparency Code 2015</a></p> <p><b>27 February 2015</b></p>	<p>This document sets out the minimum data that local authorities should be publishing, the frequency it should be published and how it should be published. The 2015 code represents the recommended practice but 2014 code is still legally in force.</p>
<p><a href="#">Councils unable to fund Care Act duties, suggests survey</a></p> <p><b>5 March 2015</b></p>	<p>A survey of adult social care directors, conducted by Independent Age and the MJ, revealed that not one council said it had sufficient funding to implement the Care Act what it comes into force next month.</p>
<p><a href="#">Audit Planning</a></p> <p><b>11 March 2015</b></p>	<p>Auditing at the speed of risk requires continuous assessment by formal methods as well as through networking with stakeholders, all while scanning the horizon, says Richard F Chambers.</p>
<p><a href="#">Continued cuts could put councils in court, Mets leader warns</a></p> <p><b>16 March 2015</b></p>	<p>A senior council leader has warned that local authorities will face legal challenges over failure to provide statutory services during the next parliament if funding cuts persist</p>
<p><a href="#">Joining and Audit Committee</a></p> <p><b>17 March 2015</b></p>	<p>Are heads of internal audit ideal candidates to become audit committee chairs? Article sharing experiences of internal auditors who have taken on this role.</p>
<p><a href="#">Better reporting and scrutiny needed for council borrowing</a></p> <p><b>19 March 2015</b></p>	<p>A new Accounts Commission report says councils in Scotland need to make better use of information to clearly set out the impact of borrowing in the longer term to help councillors make informed decisions and undertake their scrutiny roles. Councils are following the principles of the relevant codes of practice in demonstrating short term affordability, but they are not always highlighting the strategic importance of borrowing and treasury management or providing evidence of long-term affordability and sustainability.</p> <p>Scrutiny needs to be improved through better training for councillors, cutting out jargon to make reports clearer, and ensuring governance arrangements are solid.</p>
<p><a href="#">Data sharing for the prevention of fraud: code of practice</a></p> <p><b>23 March 2015</b></p>	<p>This code of practice is for public authorities who want to share information to help prevent fraud. It makes sure that information is shared safely, protecting individuals' rights and the security of the data.</p>
<p><a href="#">Understanding local cyber resilience: a guide for local government on cyber threats</a></p> <p><b>24 March 2015</b></p>	<p>The Cabinet Office and Department for Communities and Local Government have developed this guide setting out the nature of specific cyber threats to local government.</p> <p>It also suggests the steps that local authorities can take to mitigate the risks.</p>

<p><a href="#">Survey of public attitudes towards conduct in public life 2014</a></p> <p><b>25 March 2015</b></p>	<p>On the whole respondents had a fairly negative views about the standards of conduct of people in public life: few respondents thought the standards of conduct of those in people life were high, more respondents thought standards had got worse in recent years, and most respondents were not confident that the authorities are committed to upholding standards in public life or that wrongdoing would be uncovered or punished by the authorities.</p>
<p><a href="#">County devolution: Our plan for Government 2015-20</a></p> <p><b>26 March 2015</b></p>	<p>According to this report, devolution to local areas could boost productivity and safeguard economic growth. CCN Chairman David Hodge said England's counties were key to the nation's economic recovery and must not be overlooked amid devolution deals for cities.</p>
<p><a href="#">Two councils launch legal action over lack of Care Act funding</a></p> <p><b>27 March 2015</b></p>	<p>West Berkshire and Wokingham Council have launched a legal challenge against the government for failing to fully fund the care act. This judicial review will claim that the government process which resulted in the inadequate funding is unlawful</p>
<p><a href="#">Councils gain power to dismiss senior officers through vote</a></p> <p><b>27 March 2015</b></p>	<p>The government has passed new legislation that will allow senior officers in local authorities to be dismissed by a vote of the full council.</p>
<p><a href="#">Code of Audit Practice</a></p> <p><b>April 2015</b></p>	<p>The National Audit Office (NAO) has published the Code of Audit Practice. The Code sets out what local auditors are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act. The NAO has also published Auditor Guidance Notes. The aim of these is to support auditors in their work and facilitate consistency of approach between auditors of the same types of entity.</p>
<p><a href="#">Bradford regeneration chief jailed for £25,000 fraud</a></p> <p><b>10 April 2015</b></p>	<p>The 36-year-old, on £42,000 salary, fabricated invoices and pressured contractors, and even a co-worker, to help him use the money for his personal needs.</p>
<p><a href="#">Free school trio in court to face fraud charges.</a></p> <p><b>10 April 2015</b></p>	<p>The founder and former principal of a flagship free school in Bradford and two former staff members have appeared in court charged with fraud.</p>
<p><a href="#">Stolen data reaches five continents and 22 countries in 12 days on the Dark Web</a></p> <p><b>14 April 2015</b></p>	<p>Bitglass embarked on a mission to answer the question "where is your data?" by using its data tracking technologies to find out how quickly stolen data is disseminated across the globe on the Dark Web.</p> <p>The report concluded that "there is no limit" to how far sensitive data will travel once it has been stolen.</p> <p>"Although the level of access after just 12 days was extraordinary; imagine how much further the data would spread in 205 days - which is the average time it takes for enterprises to detect a corporate data breach," it said.</p>

<p><a href="#">Council fraud crackdown sees five children lose school place offers</a></p> <p><b>14 April 2015</b></p>	<p>Five children had their school places withdrawn after a new team of council investigators discovered the parents had lied about where they live to get into their favoured school catchment area.</p>
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Issue 16 of the CIPFA Better Governance Forum's Audit Committee Update has been placed on the S-Net library under [Audit & Governance Committee – Induction Materials](#). This issue looks at what makes a good Audit Committee Chairman and governance developments in 2015.

## 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 its meeting on <a href="#">24 March 2015</a>, the Cabinet considered the following reports:</p> <ul style="list-style-type: none"> <li>• Medium Term Financial Plan 2015-2020</li> <li>• Finance and Budget Monitoring Report for February 2015</li> </ul> <p>At its meeting on <a href="#">28 April 2015</a>, the Cabinet considered the following reports:</p> <ul style="list-style-type: none"> <li>• Year End Financial Budget Outturn 2014/15</li> <li>• Leadership Risk Register</li> </ul>
Adult Social Care Select Committee	<p>At its meeting on <a href="#">10 April 2015</a>, the Adult Social Care Select Committee considered the following reports:</p> <ul style="list-style-type: none"> <li>• Recruitment and retention and workforce strategy update</li> <li>• Care Act Implementation</li> <li>• Adult Social Care Directorate Budget Monitoring Report</li> </ul>
Council Overview & Scrutiny Committee	<p>At its meeting on <a href="#">23 April 2015</a>, the Council Overview and Scrutiny Committee considered the following reports:</p> <ul style="list-style-type: none"> <li>• Shareholder Board</li> <li>• Internal Audit – Apprenticeship Scheme Management Action Plan Update</li> <li>• Future Governance of Basingstoke Canal Task Group</li> <li>• Budget Monitoring Report</li> </ul>
Environment & Transport Select Committee	<p>At its meeting on <a href="#">23 April 2015</a>, the Environment &amp; Transport Select Committee considered the following reports:</p> <ul style="list-style-type: none"> <li>• Select Committee Task &amp; Finish Group Scoping Document: Future Governance of the Basingstoke Canal</li> </ul>

## Upcoming

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The next meeting of the Audit & Governance Committee is on 28 May 2015. The following items are on the agenda:

- 2015-16 external audit fee letter
- Completed Internal Audit Reports
- Annual Internal Audit Report
- Full Year Summary of Internal Audit Irregularity and Special Investigations
- Annual Risk Management Report
- Code of Corporate Governance
- Annual Governance Statement
- Treasury Management Annual Report
- IMT Projects
- Whistle blowing update
- Property Asset Management System: Update

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