



AUDIT & GOVERNANCE COMMITTEE
28 May 2015

INTERNAL AUDIT ANNUAL REPORT 2014/15

SUMMARY:

This report summarises the work of Internal Audit for the period 1 April 2014 to 31 March 2015, identifying the main themes arising from the audit reviews and the implications for the County Council. The Chief Internal Auditor reports key findings and recommendations arising from audits undertaken as part of regular reporting to this Committee on completed audits.

A list of all Internal Audit reports issued in the period is attached at Annex A for information. In response to member interest in management action taken to implement Internal Audit recommendations this report also provides, at Annexes B and C, details of progress made to date for those audit reports previously presented to this Committee.

RECOMMENDATION:

Members are asked to note the work undertaken and performance of Internal Audit in 2014/15 and determine whether there are any matters that the Committee wishes to draw to the attention of the Cabinet or the County Council.

INTRODUCTION

- 1 The Accounts and Audit Regulations require every local authority to undertake an adequate and effective internal audit of its accounting records and of its system of internal control. Within Surrey County Council the Internal Audit function, which sits within the Policy and Performance Service, carries out the work required to satisfy this legislative requirement and reports its findings and conclusions to management and to this Committee.
- 2 Best practice requires the Chief Internal Auditor to produce an annual report that:
 - (a) provides an opinion on the overall adequacy and effectiveness of the organisation's control environment
 - (b) discloses any qualifications to that opinion, together with reasons for the qualification
 - (c) presents a summary of the audit work from which the opinion is derived
 - (d) draws attention to any issues of particular relevance
 - (e) compares the work actually undertaken against the work that was planned

- 3 This report fulfils the requirements above and represents the Internal Audit Report for the period 1 April 2014 to 31 March 2015. This report informs the 2014/15 Annual Governance Statement and provides an overview of the key findings arising from the audit reviews and the implications for the County Council. Taking account of the issues described the Committee will need to consider whether any matters should be referred to the Cabinet or the County Council.

BACKGROUND TO THE YEAR 2014/15

- 4 Internal Audit is one of four teams, the others being Performance and Change; Economic Growth; and, Policy and Partnerships; within the Policy and Performance service. As such Internal Audit is well placed to respond to new policy initiatives and help drive innovation and improvement across the council.
- 6 As part of the council's network leadership approach, the statutory responsibilities network was formed in the summer of 2014 to ensure clear senior officer oversight of the council's major statutory and other responsibilities and join them up. The Chief Internal Auditor is a member of this network which meets fortnightly. In addition the Chief Internal Auditor has continued to meet regularly throughout the year on a one to one basis with the Chief Executive and the S151 Officer to brief them on governance matters.
- 7 During 2014/15 the Chief Internal Auditor has continued to undertake the following responsibilities:
- member of the Investment Panel which reviews business cases in advance of them being presented to Cabinet for approval
 - member of the Governance Panel
 - member of the Strategic Risk Forum
 - the council's Money Laundering Regulatory Officer
- All the aforementioned roles complement the work of Internal Audit.
- 8 The high profile of Internal Audit reports has been maintained throughout 2014/15 with the Audit and Governance Committee and Council Overview and Scrutiny Committee in particular showing a strong interest in what action officers have taken in response to Internal Audit recommendations. The on-line library means all elected members can access reports as they wish.

INTERNAL AUDIT OPINION

- 9 The overall audit opinion, based on the reviews completed during the period, on the governance and internal control environment during 2014/15 is **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.
- 10 In forming this opinion, the Chief Internal Auditor can confirm that Internal Audit activity throughout 2014/15 has been independent of the rest of the organisation and has not been subject to interference in the level or scope of audit work completed. There are no qualifications to this overall opinion.

- 11 This overall audit opinion is largely a reflection of the system and procedural controls around the County's key financial systems that are subject to annual review by Internal Audit and are considered to be sound. It is noted however that despite the controls in place, there is a high risk as highlighted in the Leadership Risk register of failure to achieve the Medium Term Financial Plan (MTFP) going forward as a result of:
- not achieving savings
 - additional service demand and/or
 - over optimistic funding levels
- 12 The MTFP for 2015-20 was approved by the Council in February 2015 and the Leader of the Council proposed a refresh of the budget plan takes place in the summer after the General Election in May 2015.
- 13 More generally however in wider service reviews some specific weaknesses were identified by Internal Audit that meant that control in those particular areas did not provide reasonable assurance that risks are being managed so that objectives would be met. The following table shows the spread of audit opinions for the 62 standard audit reports issued in the period 2014/15 with comparative information for 2013/14.

Audit Opinion	2013/14		2014/15	
	No of Audit Reports	%	No of Audit Reports	%
Effective	21	33	16	26
Some Improvement Needed	34	54	33	53
Significant (Major) Improvement Needed	2	3	5	8
Unsatisfactory	0	0	1	2
n/a	6	10	7	11
Total	63	100	62	100

- 14 The key issues arising from audit work completed during 2014/15 are set out in the Key Audit Findings section of this report.

MANAGEMENT ACTION PLAN (MAP) PROGRESS UPDATE

- 15 A summary of Management Action Plan (MAP) progress in implementing audit recommendations for audit reports issued in the period July – December 2014 can be found at Annex B
- 16 Annex C contains details of all audit reports issued prior to July 2014 where implementation of High Priority recommendations has not previously been reported to this Committee as "Green".

PERFORMANCE SUMMARY

- 17 The audit plan for 2014/15 was approved by this Committee on 24 March 2014. This plan was based on a budget of £662,833. Actual outturn at the year-end was £621,362. The table below shows actual performance against the original plan for the year.

Audit Area	Plan Days (whole year)	Actual Days	% Actual to planned
Corporate Governance Arrangements	75	35	47%
Key Financial Systems	200	225	113%
Grants	30	34	113%
Contract reviews	135	118	87%
Service reviews (systems and projects)	865	657	76%
Follow-up Audits	60	12	20%
Innovation & Client Support and Service liaison	186	115	62%
Special reviews not included in the original audit plan. NFI and other fraud prevention Irregularity investigations	335	237	71%
Audit planning and management, corporate and member support	294	312	106%
Total days	2180	1744	80%
Figures as shown in 2013/14 report (for comparison)	2228	2130	96%

- 18 The Internal Audit team establishment for 2014/15 comprised 12 full time equivalent (FTE) staff. The team experienced unusually high turnover during the year (33%) with one resignation; two retirements; and, one death in service. In addition, the number of days recorded as sickness absence was greater than in previous years. Agency resource was used in quarters 3 and 4 to cover vacancies and help ensure satisfactory delivery of the annual audit plan.
- 19 Despite these staffing difficulties the Internal Audit team have had another productive year with 62 audits reports issued (as detailed at Annex A). This compares with 63 reports issued in 2013/14.
- 20 2014/15 Annual Audit Plan Completion

Annex D provides an analysis of completion of the 2014/15 Internal Audit programme of work. Further information is set out below.

Deferred/Cancelled Audits - the following audits, which were included in the 2014/15 annual audit plan, were cancelled/deferred for the following reasons:

- Pension Administration – deferred to 2015/16 as part of a move towards spreading key financial audit work more evenly throughout the year (the previous audit report was issued in April 2014).
- Deputyship– deferred to 2015/16 in response to a request from the service to smooth out of the number of audits within one particular area of the service in the latter part of 2014/15.
- Property Investment Strategy – audit cancelled as minimal service activity undertaken in this area. An audit of the Property LATC is included within the 2015/16 audit plan.
- Voluntary Community & Faith Sector (VCFS) framework – audit cancelled as a reconsideration of the risks in this particular area of service delivery in light of assurance work done in the area by officers led to other audits being prioritised in its place.
- Foster Care – deferred to 2015/16 as there was insufficient audit resource available to conduct this review in 2014/15.

In addition, as shown in Annex E, a small number of audits relating to 2014/15 are still in progress.

21 Grants

10 grant audits were completed in the period, as follows:

- Adoption Reform
- BDUK (Superfast Broadband)
- Bus Subsidy
- Local Pinch Point Fund
- Local Sustainable Transport Fund Capital Grant
- Local Authority Capital Block Funding (Integrated Transport and Highway Maintenance) Specific Grant
- RESTORE Grant (Interreg IIIC) Claim4 (Autumn 2014)
- RESTORE Grant (Interreg IIIC) Claim 5 (Spring 2015)
- Schools-Centred Initial Teacher Training
- Sport England

22 Fraud and Irregularity and Special Reviews

The 2014/15 audit plan included specific time for Irregularity and Special Investigations (audits which, although not in the annual plan, take place as a result of concerns being raised directly with Internal Audit by Members or officers). Some of this time (86 days) was spent on investigating alleged irregularities. The Council's Financial Regulations require all matters involving, or thought to involve, corruption or financial irregularity in the exercise of the functions of the County Council to be notified to the Chief Internal Auditor who will decide whether an audit investigation is appropriate.

A separate report has been produced for this Committee which provides more information on the irregularity investigations undertaken by Internal Audit during 2014/15.

Also included in this is time spent on fraud awareness work, including delivering Fighting Fraud presentations to teams across the council and circulating fraud alerts received from such audit networks as the National Anti-Fraud Network and the County Chief Auditor's Network.

23 Customer Satisfaction Survey (CSQ)

The Internal Audit team is continually aiming to improve the service it provides and as such, on completion of each review the auditee is asked to complete a Customer Satisfaction Survey (CSQ) to provide feedback on a number of aspects of the audit – from planning through to reporting. The CSQ also asks for an overall rating on the added value of the audit on a scale of 1 to 4, where 1 is **not very** useful and 4 is **very** useful.

The following table shows the breakdown of CSQ scores received during the period 2014/15 (previous year figures in brackets for comparative purposes):

CSQ Overall Rating	No of CSQs	%
4 – very useful	12 (12)	42 (40)
3	11 (16)	38 (54)
2	5 (1)	17 (3)
1 – not very useful	1 (1)	3 (3)
Total	29 (30)	100

EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT

- 24 A report on the findings of the 2014/15 review of the effectiveness of the system of Internal Audit was presented to this Committee on 9 April. This review concluded that Internal Audit in Surrey County Council is independent of undue influences and has a high profile within the organisation. The Internal Audit team is sufficiently well resourced with highly skilled and experienced auditors and resource is properly focussed on key areas of risk. Appropriate controls are in place to ensure Internal Audit work is of high quality. Management action in response to audit recommendations is generally both effective and timely and Select Committee scrutiny is effective in ensuring this.
- 25 There were no recommendations arising from this review; and, no matters of non compliance with the Public Sector Internal Audit Standards identified that would require mention in the 2014/15 Annual Governance Statement.

KEY AUDIT FINDINGS

- 26 The key audit findings arising from completion of the 2014/15 Internal Audit plan are categorised under the 11 themes as set out below:
- 1. Adult Social Care (ASC)**

- 27 The Care Act 2014 represents the biggest change to social care in over 60 years, consolidating over 30 pieces of legislation. An audit review of Care Act Preparedness gave an audit opinion of **Effective** and concluded that appropriate project management arrangements were in place with comprehensive risk management whereby the impacts of risks and mitigating actions are well thought out, regularly updated and assigned to a named officer.
- 28 The Better Care Fund is another significant central government initiative with implications for Adult Social Care. An audit of the Better Care Fund gave an audit opinion of **Effective** and concluded that the Council had done well in engaging with the Clinical Commissioning Group partners to ensure there are agreed joint plans for 2015/16. The governance structure in place was deemed appropriate with a range of mechanisms in place to enable financial and performance metrics reporting/monitoring.
- 29 An **Effective** audit opinion was given following Internal Audit reviews of the AIS Assessment Process and there were no High Priority recommendations made following Internal Audit reviews of Supply of Equipment; and, Financial Assessments and Benefits.
- 30 An audit position statement was issued in respect of the ASC Provider Portal. It was envisaged the portal would enable approved providers and Friends, Family and Community Services to upload details regarding their service availability and capacity on a real time basis and ASC teams to access this information to make placements.
- 31 A budget of £400,000 was provided on the understanding that the system would be implemented during 2013/14. The auditor found that the implementation plan had been revised and at the time of the audit (February 2015) the expected date for implementation of the portal was July 2015.
- 32 An audit of Social Care Debt was completed in June 2014 and had an audit opinion of **Some Improvement Needed.** This audit highlighted the need to ensure teams make key information available in a timely manner. The proportion of invoices paid for by direct debit was 64% and the audit recommended that alternative ways to promote direct debits should be investigated. It was noted that the changes to charging that will result from implementation of the Care Act present an emerging risk to the management of social care debt.
- 33 A follow-up audit was also conducted of Social Care Debt – Credit Balances. A credit balance may arise for a number of reasons including an overpayment of benefits, a reassessment of care charges or periods where care has been charged but not provided. The audit opinion following this review was **Significant Improvement Needed** and it was noted that the level of credit balances (at £187,000) had increased by 13% since the November 2013 audit review.

2. Children's and Safeguarding Service

- 34 Audits of the Corporate Parenting Board; and, Community Homes and Short Break Respite Care attracted an **Effective** audit opinion.
- 35 An audit of Looked After Children's Finances resulted in an **Unsatisfactory** audit opinion and the auditor was unable to give assurance that there were adequate arrangements in place to ensure effective monitoring, control or reporting on the savings held on behalf of looked after children. 10 High Priority recommendations were made to ensure the Council meets its statutory duty as corporate parent and a Management Action Plan was agreed with the Deputy Director - Children's, Schools

and Families. At a meeting of the Children's and Education Select Committee in November 2015 officers were commended on their prompt response to the areas of concern identified in the audit.

- 36 An audit of Grants to Voluntary Bodies (rated **Some Improvement Needed**) could find no evidence of review within the past four years of a grant paid to deliver, through Sure Start Children's Centres, a range of services to support families with children under five in the greatest need. A High Priority recommendation was made to reintroduce regular reviews to ensure the service and expected outcomes are delivered in accordance with the grant agreement.
- 37 An audit of the Agency Staff Contract which attracted a **Significant Improvement Needed** audit opinion, highlighted the heavy reliance within Children's and Safeguarding Service on long term agency resource. This reflects the difficulties - experienced across the country - in recruiting and retaining children's social workers. Recruitment Dashboard data for June 2014 showed that, on an establishment of 221.6 posts there, was a vacancy rate of 25.7%. While Looked after Children posts were generally well covered, there were a significant number of vacancies in Referral Assessment & Intervention teams and Child Protection and Court Proceeding Teams. The audit showed that a significant number of agency members of staff within the Children's and Safeguarding Service had been engaged on a long term basis (with an average of 112 weeks for the 28 longest serving agency staff). It was also apparent that within some teams there were assistant team managers who are not permanent staff. Having key teams which are primarily long term agency staff may mean that service development and corporate processes are less effective. The auditor recommended the service produce aspirational targets for the phased replacement of long term agency staff/locums with permanent staff, along with a set of measures designed to stimulate such change.
- 38 An audit of Direct Payments (Children's) was rated **Some Improvement Needed** and found that the arrangements were generally well managed, although it was noted that there was a backlog in the social care review process. The service is committed to a six month minimum period between reviews but over half the cases examined during the audit had exceeded that timeframe.

3. Schools and Learning

- 39 An audit of the Schools Financial Value Standard (SFVS) was rated **Some Improvement Needed** and concluded that Governing Bodies and school management have in general fulfilled their responsibilities for the process of completion and submission of the SFVS assessment. The majority of schools had in place appropriate policies and procedures covering key financial areas, giving reasonable assurance that internal controls exist and that objectives should be met. It was apparent, however, that more work needs to be done in raising awareness of fraud and whistle-blowing policies amongst staff and governors. This has become an important area given the powers delegated to schools and their high degree of autonomy in managing financial matters. Internal Audit plans to address this matter in 2015/16.
- 40 An audit of Special Schools – Funding for Residential Provision was rated **Some Improvement Needed** and noted that the Special Educational Needs (SEN) strategy had not been updated since 2010 and was no longer being followed in practice.

- 41 Management Action Plan progress update to Audit and Governance Committee in December 2014 noted that SEN staff did not have up to date procedures covering the provision of SEN transport and an Autumn 2014 pilot aimed at encouraging participation by SEN officers in the review of SEN transport provision had not commenced. A follow-up audit of Transport for Education is planned for Quarter 1, 2015/16.
- 42 A follow-up audit of Commercial Services was rated **Some Improvement Needed** and noted that governance arrangements had been strengthened with improved financial monitoring and monthly written reports to the Assistant Director for Schools and Learning. An audit of Short Stay Schools was rated **Some Improvement Needed** and did not identify any areas of significant weakness.

4. Highways

- 43 Three audits were conducted in this area in 2014/15.
- 44 An Internal Audit review of Highway Asset Management and Property Information concluded that SCC were on track to comply with the requirements of the Code of Practice on Local Infrastructure Assets for the preparation of the annual return for the Whole of Government accounts.
- 45 An audit of Operation Horizon was rated **Some Improvement Needed** and concluded more roads had been replaced in year 1 of the contract than planned (131km against a target of 100km) although the corresponding spend was disproportionately larger (a 55% increase). The explanation given for this was that more expensive to repair roads had been included in the programme of work. The audit noted that the 12% discount on Kier MG invoices was not being recovered on a monthly basis as required by the contract and it was recommended that this should be implemented with the outstanding balance recovered immediately from Kier MG. The Management Action Plan progress update provided to Audit and Governance Committee in December 2014, suggested a manual process had been implemented while an automated solution to recover the discounts on a more regular (monthly) basis is being investigated.
- 46 An audit of the Highways Contract – Safety Inspections noted that the supplier was achieving the Key Performance Indicator (KPI) for quality of repair but not for timeliness. A quarter 3 report for 2014/15 showed the lowest level of resident dissatisfaction ever recorded.

5. IMT Security and Information Governance

- 47 The management action plan progress update provided to Audit and Governance Committee in December 2014, suggested positive action had been taken to address the six High Priority audit recommendations made in the audit report on Information Governance. In particular:
- Information available on S:net was updated
 - The Governance Panel approved the inclusion of the Information Governance Policy within the Corporate Policy Framework
 - Children's Information Governance guidance was re-instated on the S:net
 - The process for maintaining training statistics was improved
 - The Bring Your Own Device (BYOD) initiative was cancelled removing the need for a BYOD policy

- A MobileIron solution to provide secure email was developed to replace “Good” and ensure compliance with the Public Sector Network (PSN) requirements

- 48 Information Governance is now assessed as a “medium” risk - after mitigating controls – within the Leadership risk register and this is an improvement on the situation a year ago.
- 49 An audit of SAP application Controls was given an **Effective** audit opinion and concluded that SCC has rigorous controls in place to ensure employees only have access to the functionality and information required for them to undertake their duties.
- 50 The Public Service Network is central government’s vision of a shared but secure network. An audit of the Public Service Network gave an **Effective** audit opinion and found that SCC was certified as compliant and was therefore free to access services over this channel. Rigorous assessment by an external and independent expert provided assurance that Surrey residents’ services and data are appropriately safeguarded from emerging IT based threats.

6. Risk Management and Organisational Ethics

- 51 The Public Sector Internal Audit Standards specifically require Internal Audit to review the organisation’s ethics related programme of activities and risk management arrangements.
- 52 The 2013/14 audit review of Risk Management noted that there is not always a clear matching of service priorities to risks and opportunities identified on risk registers. The Management Action Plan progress update to Audit and Governance Committee in December 2014 noted that some risk registers had been updated to include references to service plans/programme. The 2014/15 audit of Risk Management is still on-going at the time of writing this report but initial findings suggest there is clear and concise guidance on the approach to risk within the council and that risk engagement at a senior level is very positive.
- 53 An **Effective** audit opinion was given following a review of Organisational Ethics and the auditor concluded that the Council has effective arrangements in place to ensure its decisions are open, accountable and in line with recognised ethical standards. This review noted the finding of the earlier audit of Members’ Interests that the Member Code of Conduct did not require members to declare their non pecuniary interests as suggested in DCLG guidance. In response to the resultant audit recommendation, it was agreed that the Constitution Review Group would consider whether to update the members’ Code of Conduct to include a requirement to disclose non pecuniary interests.
- 54 The audit of Organisational Ethics noted that where cultures are actively managed, good practice is apparent, but where managers are not actively managing there is an increased risk of unacceptable behaviour and irregular practice. The audit report on Fuel Card Analytics, which attracted an audit opinion of **Significant Improvement Needed**, provides evidence of this, with numerous instances of questionable fuel card usage, combined with a lack of clear policy and inadequate management oversight. Management took immediate action to address the lack of policy/guidance and a follow-up audit later in 2015 will assess the effectiveness of the new arrangements for fuel cards.

7. Contract Management

- 55 An audit of Procurement Savings gave an audit opinion of **Some Improvement Needed** and found both Procurement & Commissioning and Finance Services have systems in place to track achievement of savings included in the Medium Term Financial Plan. A Procurement led exercise to limit inflationary price increases by key suppliers was found to be enormously effective.
- 56 There is evidence to suggest that the In-Tend contract management software used by the Procurement and Commissioning Service does not contain key information on significant contracts and cannot therefore be relied upon to ensure effective contract monitoring. In particular an audit of the Manpower Agency Staffing Contract attracted an audit opinion of **Significant Improvement Needed**, as it was noted that the contract, which had been due to commence in April 2013 was only signed in August 2014 after the Internal Audit review had commenced. Another significant contract, CDS printing, was similarly found to have expired with no action being taken to retender.
- 57 An audit of the Property Asset Management System (PAMS) also highlighted that not all property contracts are recorded in the central Contract Management System maintained by Procurement and Commissioning Service. Furthermore, Internal Audit's own attempts to use the In-Tend system, have found the data contained within it to be incomplete or unreliable.
- 58 A Bus Operating Contracts audit was rated **Some Improvement Needed** and noted that the Council has more than 100 bus operating contracts in place providing bus services to Surrey residents where commercial providers do not operate. The audit concluded that it was difficult to reconcile what contracts are in operation at any given time. Furthermore some contracts with no end dates had been operating for a number of years with little or no review.
- 59 An audit of Youth Service Commissions was rated **Some Improvement Needed** and concluded it was not easy to assess the effectiveness of service provision as the data on performance outputs did not readily align with the headline objectives for Services for Young People. The audit recommended that future commissions should ensure a clear link between measurable outputs and desired outcomes.

8. Project Management

- 60 An audit of Project Management was completed in July 2014 and this found that there was only a limited amount of corporate information available detailing the extent of projects being run within the Council in terms of their objectives, costs progress and relationship to corporate objectives. Audits of the Council's arrangements for the Better Care Fund and the Care Act however, both attracted an **Effective** audit opinion which suggests the Council manages significant strategic change well.
- 61 An audit of the Management of Citrix Systems was included in the 2014/15 Internal Audit Plan but was not completed as originally intended as the upgrade did not take place as planned. The original go-live date for the Citrix upgrade was April 2014, but at the time of the Internal Audit review in August 2014 the anticipated go-live date had slipped to March 2015. In addition it was noted that at the time of the audit the total forecast costs (£1.151m) were more than double the original agreed budget. The Head of IMT attended Audit and Governance Committee in December 2014 and explained that the budget increase was due to a change in approach. Originally the upgrade was to be a direct replacement for the existing Citrix infrastructure. It was then realised that

the project should be developed to provide a longer-term solution which can reflect the changing needs of the business.

- 62 The ASC Provider Portal is another example where Internal Audit issued a position statement rather than an audit report, as the project, which had originally been planned for implementation during 2013/14, had been rescheduled. An audit of the implemented system is now included within the 2015/16 Internal Audit Plan.

9. Key HR Policies

- 63 An audit of Appraisals completed in March 2015 gave an **Effective** audit opinion and concluded that a robust system was in place to calculate and report rates of completion, exemptions and appraisals “in progress”. This was a follow-up review of an earlier audit of Appraisals completed in April 2014 which had resulted in an opinion of **Significant Improvement Needed** and noted that there had been errors made in calculating appraisal completion rates. Once corrected the overall completion rate for 2012/13 dropped from the reported figure of 83.5% to 61.9% with both Adult Social Care and Children’s Schools and Families showing appraisal completion rates of less than 50%.
- 64 An audit of Absence Management completed in February 2015 had an audit opinion of **Some Improvement Needed** and found some evidence of failure to properly record sickness absence and uncovered anecdotal accounts of cultural barriers to proper sickness absence recording. The audit noted that usage of the HR Dashboard was relatively low with 53% of users having never accessed the system.

10. New Models of Delivery

- 65 An audit of the Local Authority Trading Company Governance Arrangements focussed on the arrangements in place for the Shareholder Board and concluded that the proposed structure and remit of the Shareholder Board should be effective in safeguarding the interests of the Council.
- 66 An audit of Surrey Choices, a Local Authority Trading Company established to provide day services and community support options for people with disabilities, found that the transitional planning had been effective in setting up the company and commencing delivery of services to residents through this new method of delivery. Mechanisms were in place for the monitoring of service delivery both in terms of fulfilling client requirements and satisfying the council that appropriate standards of care and financial prudence are being observed.

11. Emergency Management and Business Continuity

- 67 An audit of Business Continuity was rated **Some Improvement Needed** and concluded that the published guidance and supporting documentation for business continuity is detailed and adequate and that there was clear evidence of close working of the Emergency Management Team with frontline service areas. There is a requirement for appropriate business continuity arrangements to be implemented for external suppliers from 1 April 2015 and this will require close monitoring.
- 68 An audit of Emergency Management was rated **Some Improvement Needed** and noted that the refreshed Corporate Resilience Policy had not been included within the Constitution of the Council and it was unclear what member approval process had been followed.

IMPLICATIONS:

- 69 There are no direct implications (relating to finance, equalities, risk management or value for money) arising from this report. Any such matters highlighted as part of the audit work referred to in this report, would be progressed through the agreed audit reporting policy.
- 70 Terms of Reference for all audit reviews include the requirement to specifically consider value for money; risk management; and, equalities and diversity.

WHAT HAPPENS NEXT:

- 71 The Chief Internal Auditor will continue to update Members on the progress of issues within this report that have not been fully concluded.

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Sources/background papers: Internal Audit reports

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