

Completed Audit Reports (April - May 2015)

Annex A

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Direct Payments (Children)	<p>Direct Payments (DP) are cash payments made to people who have been assessed and are eligible to receive services for their disabled child from Surrey County Council. The payment replaces some or all of the services that a social worker would otherwise arrange.</p>	<p>The Auditor found the arrangements for DPs in Children's Services well managed. The paperwork returned is of a high quality and reasonably up to date. Both finance and support staff communicated well and addressed any issues they identify in a timely manner.</p> <p>The Auditor found that there was a backlog of social care reviews. The Service provided a report to the Auditor that indicated that of 317 DP recipients with dates recorded 133 exceeded 200 days since their last review, and 33 exceeded 1 year since their last review.</p> <p>The service is committed in policy to a 6 month minimum period between reviews. Further detailed checking by the Auditor found that over half of the children examined had exceeded that timeframe. In all instances there was regular contact with the DP recipient and informal oversight. As such this is not a safeguarding issue but failure to meet procedural commitments could damage the reputation of the council.</p>	Some Improvement Needed	<p>Management should take action to improve the data quality regarding recording of reviews on ICS. This could include a message to team managers letting them know that this has become an issue, training where required to ensure staff know how to properly record reviews and management should regularly check the report of 'last review dates' following up any which are falling behind. (M)</p>

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Public Health	<p>Surrey County Council (SCC) is responsible for a number of Public Health functions including providing professional advice to other council services, the Clinical Commissioning Groups (CCGs) and the 11 district and borough councils. The Public Health service works across a number of key areas of health intelligence, health improvement and health protection for Surrey residents.</p> <p>The Surrey Public Health Service Plan sets out the Public Health vision and aims over the coming years. The plan includes priority objectives and outcomes to deliver in 2014/15.</p>	<p>Good progress has been made by Public Health for many of its priority objectives.</p> <p>The content of the preventative plans vary. Many of the risk assessments in the plans contained a description of the risk, scored it as high risk but recorded no mitigating actions. Others commonly did not clarify the impact of the planned actions. Milestones were also absent in many cases.</p>	Some Improvement Needed	Public Health and the CCGs should ensure that on-going development of prevention plans include the related risks, funding requirements and the updated targets (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>SunGard is a portal used to deposit monies with individual money market funds from SCC's counter parties list. The Auditor noted that one person could both set up new organisations able to receive SCC investment deposits in SunGard and also affect such payments without secondary authorisation controls being built into the software.</p> <p>To operate TM functions off-site in a disaster recovery situation would require staff to have "watchword" (on-line banking access and authentication) devices off-site also.</p> <p>Liquidity risk is managed in part by ensuring that daily cash balances remain above £15m. Although the total cash deposit balance remained above £15m throughout the year, the SCC bank account went overdrawn by accident six times during the year.</p>	Effective	<p>The Strategic Manager for Pensions and Treasury should not be able to use SunGard to affect the transfer of deposits. (M)</p> <p>Treasury Management should consider the arrangements for holding two devices off-site to ensure that business continuity can be enabled if required. (L)</p> <p>Seek to minimise instances of bank accounts becoming overdrawn. Where issues occur, a clear account of the reason for the instance should be recorded. (L)</p> <p>Two further low priority recommendations were agreed.</p>

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Better Care Fund	<p>The Better Care Fund (BCF) is a national programme which creates local pooled budgets to support and enable closer working between the NHS and local government.</p> <p>The BCF comes into full effect in 2015/16 and builds on the 'Whole System's Partnership' allocation and plans for 2014/15. The total funding for Whole Systems Partnership (WSP) allocation was £18.3m for 2014/15; and the BCF for 2015/16 is £71.5m.</p>	<p>The Surrey Better Care Fund Governance Framework (2015/16) was approved by the Better Care Board (BCB) in November 2014.</p> <p>Surrey County Council will be the host for the BCF. The total pooled budget for 2015/16 is £71.4m. The partners confirmed that they will establish S75 agreements for each of the CCG areas. These agreements will confirm the flow of funds into the pooled budgets.</p> <p>The Health & Wellbeing Board approved the BCF Plan 2015/16 on 8 January 2015. The BCF of £71.4m will support the delivery of Surrey's Joint Health and Wellbeing Strategy. It will impact on these priorities;</p> <ul style="list-style-type: none"> • Improving older adults' health and wellbeing; • Developing a preventative approach; and • Promoting emotional wellbeing and mental health. 	Effective	There were no recommendations arising from this review.

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Social Care Debt – Credit Balances – follow-up review	<p>Surrey County Council receives income on behalf of social care clients from a number of sources including pension collect income, which is pension monies paid by the Department for Work and Pensions to the council where the council is the Corporate Appointee for the client's affairs.</p> <p>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.</p> <p>An audit of Social Care Debt – Credit Balances, completed in November 2013 found numerous control weaknesses and this follow-up audit was planned to ensure appropriate action had been taken to address the audit recommendations made.</p>	<p>The follow-up review has identified evidence that seven of the eight recommendations from the previous audit have been completed. The recommendation for a need to investigate all material credit balances on deceased client's accounts has not been implemented. A lack of resources has meant that this work did not start in 2014.</p> <p>As at February 2015 the level of deceased client credit balances is in the region of £187,000 of which approximately £90,600 is held in a suspense account and the remainder is held in client accounts. The level of credit balances has increased by 13% since the November 2013 review.</p>	Significant Improvement Needed	<p>No new recommendations were made.</p> <p>Recommendation outstanding from previous (November 2013) audit:</p> <p>A systematic approach should be adopted to manage deceased client credit balances. All balances including those in the suspense account must be investigated (H).</p>

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Care Act Preparedness	<p>The Care Act sets out fundamental changes to adult social care.</p> <p>The first set of reforms, implemented in April 2015, include: a new duty to provide information and advice; ensuring carers' rights are equivalent to those cared for; and the responsibility to meet the care needs of prisoners within Surrey.</p>	<p>Appropriate means of project management have been used to ensure requirements of the Care Act were implemented by April 2015.</p> <p>The model to deliver care services in prisons is in line with other councils. The delivery of the service on a pilot basis is reasonable and allows the council to respond to demand and improve the service in 2016.</p> <p>Continuation of the existing arrangements should ensure the remaining requirements of the Act are met in April 2016.</p>	Effective	No recommendations made.

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Accounts Payable	<p>Surrey County Council makes payments on a regular basis to suppliers for goods and services procured.</p> <p>In view of the significant amount of expenditure incurred, the Accounts Payable system is a key financial system which is subject to annual review by Internal Audit.</p>	<p>The three-way match between Purchase Orders, invoices and receipting documentation is the fundamental approval to pay control. Audit testing confirmed that the three-way matching process is effective.</p> <p>Controls over the authorisation of high value payments which need referring to very senior management are operating effectively.</p> <p>Specialist software is used to identify possible duplicate payments. Currently only 1.5% of all invoices identified as being potential duplicates are investigated. This sample is selected using a mix of professional judgement and the risk rating attributed by the software.</p>	Effective	A greater number of the potential duplicate payments flagged up should be reviewed in detail. The results of this testing should be tabulated at different sample sizes over a period of 3 weeks and then be considered further. (M)

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
<p>Waste Management and Minimisation</p>	<p>SCC as the waste disposal authority entered into a 25 year contract with SITA Surrey Ltd in 1999 for managing the waste collected by the districts and boroughs in Surrey. The contract has had a number of variations in the last 15 years including the most recent one to build an Eco Park to manage waste as a resource. SCC has been receiving a PFI grant from DEFRA since 1999 with a view to developing waste infrastructure.</p> <p>This audit reviewed the arrangements that were introduced in the last 18 months in order manage and minimize waste.</p>	<p>The National Audit Office (NAO) reviewed 3 PFI contracts including SCC and found that the involvement of a number of government departments over the years led to unclear guidance causing confusion to local authorities.</p> <p>Although beneficial work is done by the Surrey Waste Partnership (SWP) members, the buy-in for realising the full benefits across SWP is limited at present due to the 12 authorities in SWP having their own contracts for waste collection and recycling.</p> <p>Implementation of the IT system (IWDMS) which SCC took a lead in implementing across all SWP members, has been delayed</p> <p>Various Committees within SCC have been regularly updated with the progress made in the last 18 months and have approved the revised Joint Municipal Waste Management Strategy (JMWMS) (2015) and approved the VFM assessment by the Director of Finance to start work on the Eco Park.</p>	<p>Some Improvement Needed</p>	<p>The Leadership within each SWP member authority should agree to delegate sufficient authority for SWP to operate effectively, meet the targets set and realise the benefits. (M)</p> <p>The above recommendation should also enable an integrated waste management system to operate across the SWP.</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Waste Management and Minimisation (Cont'd)		<p>The Action Plan linked to the JMWMS has 12 work streams but no risk register to monitor progress.</p> <p>The delay in meeting the conditions and obtaining all the required permissions for the Eco Park has resulted in SCC incurring additional costs even before starting work.</p>	Some Improvement Needed	<p>Risk registers should be established to monitor progress against work streams in the Action Plan. (M)</p> <p>The amount of additional costs should be determined in order for SCC to budget for the construction of the Eco Park. (H)</p>
Revenue Budgetary Control	<p>The revenue budgetary control system is a key financial system which is subject to annual review by Internal Audit.</p> <p>Sound revenue budgetary control is vital to the Authority achieving its objectives within increasingly tight financial resources.</p>	<p>The Authority has robust overall processes for setting its annual budget and an innovative risk-based prioritisation of budget monitoring. This system generally works well with budget risk ratings being reviewed annually. The Council forecast an improved revenue position for 2014/15 as at the end of February 2015 with a £13.4m underspend, up from the £7.8m underspend reported at 31 January 2015.</p> <p>The principle of budget holder responsibility for budget monitoring may not be best supported if Finance staff undertake too much basic budget monitoring work on behalf of Services.</p>	Effective	<p>Services should now be expected to become increasingly self-sufficient in using the budget forecasting tool and submitting financial reporting numbers and narrative for their budget monitoring process. Finance staff should continue to focus on supporting Services with more strategic aspects of monitoring and budget setting. (L)</p> <p>There were three other low priority recommendations.</p>

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Telecare	<p>Telecare is the delivery of home-based care solutions via the use of remotely monitored sensors in individuals' homes. These sensors cover a range of possible care concerns such as falls, medicine monitoring, wandering and fires to name a few.</p> <p>By having a system of automated quick care response, users are empowered to remain in their home whereas previously they might have required higher cost, more intensive care settings.</p>	<p>While SCC is the commissioner of Telecare, the service is provided through the districts and boroughs who arrange the installation and provide the network needed to send/receive alerts.</p> <p>At the time of the audit the service level agreements (SLAs) with the districts and boroughs for this service provision, had expired and all the original documentation could not be located.</p> <p>The key performance indicators as described in the SLA could be better aligned with the overarching commissioning objectives</p>	Some Improvement Needed	<p>All signed SLAs should be captured centrally, preferably in a contract register such as the Contract Management System. (M)</p> <p>Consider the feasibility of incorporating metrics within the SLA that support qualitative outcomes assessments. In particular the auditor would suggest considering the number and type of sensor activations that resulted in a provider action and the outcome thereof. (H)</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.
Significant 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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