

Completed Audit Reports (September - November 2015)

Annex A

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Streetworks Permit Scheme	Surrey County Council (SCC) as a highway authority is committed to reducing congestion and disruption caused by road works. To assist in achieving this outcome, the authority introduced a permit scheme on 11 November 2013 in order to provide an improved alternative to regulating and coordinating road works on Surrey's roads.	<p>The introduction of the Permit Scheme is a significant improvement on the previous Notification Scheme in co-ordinating street works and the due diligence of the team in maintaining compliance is to be applauded.</p> <p>The need for closer communication via a Service Level Agreement between the Street Works Team and the Order to Cash Team in the South East Shared Services was recommended in the previous audit in 2013 and has been in place since May 2014. The process for dealing with unpaid invoices is very clear and no invoice has been written off in the last 18 months.</p>	Effective	There were no recommendations arising from this Internal Audit review.

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Information Governance (IG)	<p>Surrey County Council (SCC) has a number of legal obligations in the area of handling information and information requests. Several SCC policies have been issued to comply with legal requirements such as the Data Protection Act 1998, the Freedom of Information Act 2000 and the Environment Information Regulations 2004.</p>	<p>Many aspects of information risk are being managed satisfactorily. Policies and procedures are in place, Freedom of Information requests are processed/responded to on a timely basis, there is a satisfactory process for reporting potential breaches, and there is a suitable Information Sharing protocol in place.</p> <p>The Adults IG team and the Corporate IG team regularly update their line managers about issues/progress, but there are no specific team plans, objectives and targets such as those recently developed in Children's IG.</p> <p>Each IG team works independently of each other and reports to different line managers. The Corporate IG Manager is regarded as the IG lead and co-ordinator for SCC but she has no oversight, authority over, or responsibility for the work of the Adults and Children's IG teams.</p> <p>It is not clear whether IG related e-learning courses are mandatory as part of staff induction.</p>	Some Improvement Needed	<p>A detailed annual service plan outlining team objectives, targets and performance indicators should be prepared annually for each IG team. (H)</p> <p>Consider reviewing the existing IG structure to ensure more effective direction and co-ordination of all three teams. (H)</p> <p>Action is required to give IG teams much clearer visibility about which staff (and agency staff) have or have not completed compulsory e-learning and classroom training. The potential for recording IG training data in SAP should be explored with HR and IMT. (H)</p>

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Highways Communication	<p>Surrey County Council (SCC) spends over £32m each year on highways schemes. Each scheme requires communication with a large number of different stakeholders; including county members, internal and external county and borough colleagues, residents, local businesses and emergency services.</p> <p>Concern has previously been expressed by members over the communication between the SCC Highways Team and local community, over the timing of the delivery of some of the works.</p>	<p>The Auditor reviewed the Communications provided for each scheme tested. There were a number of projects where no communications was evidenced. A Communication Strategy has been developed and Communications Manager appointed recently. This should help improve the communications in future.</p> <p>A variation order (VO) is where there are changes to the original contracted works, this can be for changes required for the materials to be used of the quantities. Of the 10 files tested by the auditor, all VO's were issued after the works were completed.</p> <p>In one of the sample tested, there was error in the final account presented by the contractor. The % uplift for 40% for nightwork was calculated against the estimate rather than the final cost. This should have been picked up by the engineer when they checked the final account.</p>	Significant Improvement Needed	<p>Ensure the communication strategy for highways schemes is complied with consistently. (M)</p> <p>The Highways Team should ensure VO's are issued promptly and before the works are completed. (H)</p> <p>SCC should ensure that all final accounts are carefully checked and the overpayment of £13,000 is recovered from the highways contractor. (H)</p>

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Babcock 4S Contract	<p>Surrey County Council (SCC) is a local education authority with duties and powers to provide primary and secondary education under the Education Acts (1944 to 2002 inclusive) and the Schools Standards and Framework Act.</p> <p>In 2004 the council entered into a joint venture with VT 4S to deliver education services.</p> <p>A principal objective of the contract is to improve performance in relation to the provision of educational services, and to make arrangements to secure continuous improvement in the way in which such functions are exercised.</p>	<p>From documents analysed it is apparent that the reported performance data includes academies; this is due to conversion from maintained status happening part way through the year. How this is subsequently captured and reported within performance data therefore becomes critical.</p> <p>In a few cases, the termly assessment of project progress does not offer a transparent level of qualitative and quantitative comparison between the outcomes and the agreed KPI's for some projects.</p> <p>SCC loses Government funding every time a maintained school converts to Academy status. This makes the negotiations around the contract more difficult as the initial budgets and priorities agreed with B4S for projects need to be re-reviewed.</p>	Some Improvement Needed	<p>Where academies are included in the year-end contract performance information due to conversions occurring part way through the year, the relevant reports should be reviewed to ensure that performance data is only captured and reported for the period in which they are maintained schools. (M)</p> <p>Specifically for the projects identified with less effective KPI's the responsible officers should develop and refine more quantitative measures to show outcomes are measured and in line with expectations. (M)</p> <p>In terms of the termly reports from B4S the descriptions of project outcomes should be sufficiently detailed (M)</p> <p>SCC officers should ensure that a documented audit trail for decisions, assumptions and determinations is maintained during and after the annual negotiation process between the council and B4S (M)</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Nursery Education	<p>The Childcare Act 2006 places a duty on all local authorities to improve outcomes for young children and to secure sufficient childcare to allow parents to work.</p> <p>All 3 and 4 year olds in England are currently entitled to 15 hours a week for 38 weeks a year of free early education or childcare. Some two year olds are also entitled to this provision subject to meeting eligibility criteria.</p> <p>These services are delivered by an array of maintained, private, voluntary and independent providers known as settings. Childcare providers that are registered on the Surrey Directory of Early Years Providers are able to offer free places and claim funding, on the behalf of parents or carers, directly from the council.</p>	<p>Overall registration forms are completed in full; however, the parental declaration forms at some settings, were incomplete; the days and funded hours were left blank. Furthermore, testing indicated several occurrences of misalignment of the hours of Early Years Education (EYE) on the parental declaration forms against the actual hours funded by the council. Amendment forms were unavailable to verify changes in the provision of EYE hours.</p> <p>Declaration forms held at 12 of the settings were 'future declared' in the sense that forms are signed in the Autumn Term for the Spring and Summer Terms. Declaration forms should be signed for at the beginning of each term as the hours a child attends the setting may change from term to term.</p> <p>While the service identified settings which are of concern to them it remains that they have not conducted visits, to the settings, to investigate their concerns.</p>	Significant Improvement Needed	<p>Based on the findings of this audit guidance notes should be re-circulated to ensure that settings understand how and at which point in the term the declaration forms are completed. (H)</p> <p>The service should develop an effective rolling programme of audit visits to ensure compliance with funding requirements (H)</p>

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Community Partnership Libraries (CPL)	<p>The Library Public Value Review (PVR) ran from May 2009 to January 2011 and provided a strategy for the long term improvement of the Library Service while reducing cost and improving efficiency.</p> <p>The three key PVR recommendations were to:</p> <ul style="list-style-type: none"> (i) Consult with Community Groups about transferring the management of eleven libraries in Surrey to create CPL; (ii) Identify a county managed network of libraries in Surrey; and, (ii) Withdraw the Mobile Library Service and provide targeted alternative servicers. <p>As a result of the PVR the Medium Term Financial Plan (MTFP) set initial budget savings of £200,000 for 2012/13 and a further £100,000 for 2013/14. The savings were to be realised through the staffing budget.</p>	<p>The proposed savings of £300,000 were achieved in 2013/14 by a reduction in the staffing budget. However, rather than reduce the library budget in 2013/14 it was used to set up a library investment budget of £300,000. In 2014/15 the £300,000 investment budget was removed from the library service budget to reflect the budget savings.</p> <p>At the time of this review Lingfield Library has not launched as a CPL it continues to be managed and operated by the council. The associated staff costs were removed as part of the MTFP savings in 2014/15. Consequently, a financial pressure remains of approximately £18,000 per annum on the service's budget until such point that Lingfield transfers to a CPL.</p>	Effective	There were no recommendations arising from this Internal Audit review.

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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