

Completed Audit Reports (February – March 2016)

Annex A

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Better Care Fund - S75 Agreements	<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 arrangements of the BCF must comply with Section 75 (2) of the NHS Act 2006. This enables local authorities and NHS bodies to enter into partnerships for the exercise of their health related functions.</p> <p>NHS England has provided guidance on the structure of the S75 agreements. Whilst the overall structure should be consistent between CCG's the content is expected to vary depending on the local needs.</p>	<p>The S75 Agreements meet the format required to meet the needs of NHS England. They have been suitably tailored to meet the needs of the local areas.</p> <p>The agreements commenced on 1 April 2015 and are for 1 year. All were signed on 20 January 2016 except for North West Surrey CCG. At the time of the audit, this agreement was being amended to include those services being commissioned by the NHS Windsor and Maidenhead Clinical Commissioning Group and the governance arrangements necessary to reflect their involvement.</p> <p>The Auditor received assurance that the significant delays in having the agreements signed have not had any detrimental effect on service delivery or outcomes.</p>	Some Improvement Needed	SCC should take all reasonable steps to ensure that the S75 agreements are signed promptly for 2016/17. (M)

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Accounts Receivable	<p>Surrey County Council (SCC) provides a number of care and non-care services. Customers are charged for services delivered by the teams who provide these services.</p> <p>Income collection is managed centrally by the Order to Cash Team, which oversees the Income Team and the Credit Control Team. The former carries out the function of raising invoices based on information provided by the services, as well as receiving and recording the income in SCC's financial ledger, SAP. The latter undertakes the debt management function whereby outstanding debts are followed up and recovered or recommended for write-off as appropriate.</p>	<p>There are sound controls in place to ensure that income due to the Council is collected promptly and accounted for completely and accurately.</p> <p>The first point of contact for customers querying an invoice is the Contact Centre. If the Contact Centre is not able to resolve the query, they direct the query to the administrative officer who raised the request. The administrative officers refer the customer to the officer from whom they received instructions.</p> <p>Invoices raised in respect of services to one utility company had not been paid. Recovery via dunning was suspended as the customer had raised queries against them, although the account did not appear to be blocked. The Auditor was informed that a number of the invoices did not have a purchase order number, which delayed payment.</p>	Effective	<p>The name of the officer who instructs the administrative officer to raise a request should be entered on the Fins11 form or template, to ensure customer queries are dealt with quickly and efficiently. (L)</p> <p>Requests for services from utility companies and other customers who are late payers, should only be considered when confirmed through a purchase order. (M)</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Pension Fund Investments	<p>In Surrey, the Surrey Pension Fund is the channel through which the pension contributions are invested and administered by external investment managers on behalf of its members. The Surrey Pensions Committee meets quarterly to ensure the proper governance and administration of the fund.</p> <p>On 1 April 2015, in line with the Public Service Pensions (PSP) Act 2013 the Authority established the Local Pension Board which has a guidance, advisory and scrutiny remit.</p>	<p>The process for drawing down funds for investments by the fund custodian and payments to fund managers and private equity funds is effective.</p> <p>Fund manager performance is presented to the Pension Fund Committee on a quarterly basis. The minutes reflect that information is adequately presented by the Pensions Team and there is effective review over the performance of the fund managers.</p> <p>Effective review and monitoring of pensions contributions received ensures monthly contributions are received in a timely manner to maintain adequate cash flow levels.</p> <p>Scrutiny of the bank statements confirmed regular reinvestment of cash to maximise interest potential.</p>	Effective	There were no recommendations arising.

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
<p>Transport for Education</p>	<p>In line with the Education Act 1996, SCC has policies and procedures in place to provide Home to School Transport for children in mainstream education and those with Statements of Special Educational Needs (SSEN).</p> <p>Around £34m in 2015/16 is being spent by SCC for this.</p> <p>Further, the Children and Families Act 2014 wef 1 September 2014 sets out a significantly different system for assessing and meeting the needs of children and young people with Special Educational Needs and Disabilities (SEND) than the arrangements that preceded it.</p> <p>The teams within Schools and Learning (S&L) assess the eligibility of children to receive transport provided by SCC and request the Transport Co-ordination Centre (TCC) to commission it.</p>	<p>a) <u>Arrangements within S&L teams:</u></p> <p>The strategy, policies and procedures relating to SEND have not been finalised.</p> <p>Up to date SEND information has not been published on the S::net and SCC's external website.</p> <p>The Education Management System (EMS) does not hold SEN transport information at present. In order to populate EMS with correct transport eligibility codes, large number of case files need to be reviewed. As a result, the data on EMS and MTC are not consistent.</p> <p>Regular review of SEN expenditure was ongoing. However, there was very little evidence of actions being taken or alternatives being considered to reduce overspends.</p> <p>SEND Programme of work is in progress with various sub groups set up for scrutiny. Members are also updated on a regular basis.</p>	<p>Significant Improvement Needed</p>	<p>The SEND strategy, policies and procedures should be finalised and agreed by SCC's senior management and Members. (H)</p> <p>Up to date SEND information should be published on the S::net and SCC's external website. (H)</p> <p>Senior management in S&L should consider securing additional resources at least on a temporary basis to review case files and update EMS first with correct eligibility codes and the upload it on MTC. (H)</p> <p>Work done in other authorities such as Smarter Travel, Behaviour Change etc. should be considered. (L)</p> <p>SEND work should be progressed and reported to Members in accordance with the time-table set for legal compliance. (M)</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Transport for Education (contd)	<p>The TCC implemented a new system, Mobisoft Travel Centre (MTC) with effect from 1 April 2014 to provide this transport.</p> <p>The audit reviewed 2 areas, namely a) the adequacy of arrangements within S&L to utilise MTC and realise the envisaged benefits while complying with legislative changes and b) the implementation of MTC as a 'fit for purpose' system.</p> <p>AS such, there are 2 audit opinions for this audit.</p>	<p>b) <u>MTC implementation by TCC:</u></p> <p>The Service Level Agreement (SLA) signed by S&L and TCC in April 2013 has not been maintained.</p> <p>All of the payments for home to school transport are not made via MTC; e.g.re-imburement for parental mileage.</p> <p>Work undertaken prior to MTC implementation resulted in action plans for mainstream and SEN. These were not regularly reviewed to ensure implementing agreed actions.</p>	Some Improvement Needed	<p>The SLA should be updated to reflect the changes and maintained. (M)</p> <p>Plans to make all payments via MTC should be finalised and implemented. (M)</p> <p>Action plans to be regularly reviewed to ensure implementing and ongoing monitoring of agreed actions. (M)</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Children's Improvement Plan	<p>An Ofsted report published in June 2015 graded Children's Services overall as "inadequate". A SCC Improvement Board (with political cross-party membership) was established to oversee the response to the inspection findings.</p> <p>A formal Improvement Notice was issued by the DfE on 26 January 2016 and an officer from the DfE has been assigned to SCC as an advisor.</p> <p>It is anticipated that a further formal Ofsted progress re-inspection will take place in Autumn 2016.</p>	<p>There is no obvious prioritisation of actions within the improvement plan, although the council did take immediate action on the priority areas highlighted by Ofsted. The improvement plan does not include specific impact measures, but it does refer to a monthly report card – including measures – to be reviewed by the Improvement Board.</p> <p>There is close monitoring of the improvement plan by the Improvement Board which is representative of key officers and members alike. While it is possible to identify improvement plan actions completed it is less easy to assess the impact of these actions.</p> <p>It is apparent from the Ofsted report that a change in culture is needed and this will take time to fully materialise. Some key changes in personnel have taken place which seek to address this.</p> <p>Surrey County Council continues to struggle to recruit and retain children's social workers. The recent recruitment campaign did not deliver the results the council was anticipating. Retention of staff continues to be an issue, and it is hoped that the proposed refreshed pay and reward strategy will help to address this.</p>	n/a	There were no recommendations arising.

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Foster Care Service Arrangements	<p>Surrey looks after on average 800 children per year. 75% of our looked after children are placed in foster care.</p> <p>The audit focussed on the administrative and financial elements of the foster care service. The auditor did not evaluate the standard of care provided nor review the individual files of Children in Care.</p>	<p>There is no foster care service specific risk register to ensure that operational, financial and safeguarding risks are acknowledged and mitigated.</p> <p>A Children's Services Procedures Manual is available on SNet and includes a section on Foster Care. Foster Care team members seemed unaware of the Procedures manual as an information source.</p> <p>Foster carers are required to complete mandatory training in line with the National Minimum Standards. Training records available were incomplete and inconsistent.</p>	Unsatisfactory	<p>Compile a local Fostering Risk Register that identifies relevant issues affecting the service. (H)</p> <p>Foster care staff and foster carers to be provided with training on where to access relevant information. (H)</p> <p>All training courses attended by foster carers should be recorded and monitored by the Training and Development Team. (H)</p> <p>A log of completed training and other exercises should be recorded and maintained in LCS. The service should have a clear policy in place to ensure that all foster carers are meeting the minimum training requirements as required by the National Minimum Standards. (H)</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Foster Care Service Arrangements (cont'd)		<p>The Foster Care Training and Development Framework does not include health and hygiene training.</p> <p>During audit testing inconsistencies were noted in DBS records eg 10 checks were incomplete or out of date in the West database; 8 checks were incomplete and out of date in the East database.</p> <p>Audit testing of unannounced visits for a sample of 30 cases found that:</p> <ul style="list-style-type: none"> • 18 (60%) were completed in time; • 5 (17%) foster carers records showed no evidence of any unannounced visits; • 5 (17%) visits were overdue; 	Unsatisfactory	<p>Courses on 'health and hygiene' and 'positive care and control of children, including training in 'de-escalating problems and disputes' should be included on the Training and Development Framework to ensure compliance with the National Minimum Standards. (H)</p> <p>DBS records should be managed centrally using LCS, with the service ensuring that all DBC checks have been completed for foster carers and members of the fostering household aged 16+. (H)</p> <p>Supervision visits, annual reviews and unannounced visits should be managed centrally to ensure that they are completed in a timely manner in accordance with statutory regulations. (H)</p>

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Foster Care Service Arrangements (cont'd)		<p>Payments of allowances to foster carers are processed and authorised every two weeks, with one payment in arrears and one in advance. The validity of these payments is dependent on records being maintained on LCS. Where records are not updated promptly on LCS, allowance payments are processed as 'Non Child Related Payments'. The Finance Team Leader confirmed that such payments are processed on the system without any level of authorisation.</p> <p>Foster carers may claim appropriate Extra Identifiable Costs for each placement. The Children's Services Procedure Manual highlights the delegate levels of authorisation; and the Foster Carers Handbook clearly explains the circumstances when claims can be approved. Despite the availability of information inconsistencies in the nature and amounts of claims was observed by the Auditor.</p>	Unsatisfactory	<p>The Finance Team should ensure that all expenses are appropriately authorised. (H)</p> <p>Controls should be reviewed on SRM and software that is fit for purpose should be implemented to manage foster carers' expense claims. (H)</p> <p>Mileage claims should be paid to foster carers at the correct rate of 45 pence (H)</p> <p>Strengthen controls around payments to foster carers ensuring appropriate authorisation. (H)</p> <p>Payments outside of the normal payments system should be discouraged and where necessary must be independently reviewed and authorised. (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