

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

<p>Social Care Services Debt (Tracker Items A20/15 and A43/15)</p>	<p>Members from Audit & Governance Committee were invited to attend the Social Care Services Board on 26 October to take part in discussions on this item. Denis Fuller and Tim Hall attended.</p>
<p>Security Issues at County Hall - Tracker item A45/15</p>	<p>Audit and Governance Committee previously invited officers to note the national guidelines in relation to the terrorism threat being raised. In response to this, an audit was commissioned and conducted by a member of the National Counter Terrorism security Office (NaCTSO) of the Security policies and the security of County Hall.</p> <p>The audit determined a number of conclusions in relation to:</p> <ul style="list-style-type: none"> • The effectiveness of the existing building access control system • Access and egress for onsite parking • Intruder systems • Bomb threat policy and procedures • Mail handling policies <p>The findings have been discussed by the Statutory Responsibilities Network and an action plan agreed to improve and address security</p>

	<p>threats for County Hall. This includes training for the workforce as well as cultural and physical changes.</p> <p>Officers are now working with representatives across the organisation from Emergency planning, Premises and Fire and Rescue to carry out an audit of other key council premises using the National Counter Terrorism Security Office (NaCTSO) methodology and guidance. The delivery of these audits will be phased to review arrangements for higher risk premises as a priority.</p>
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Further information

Local Government Association	<p>Autumn Statement 2016</p> <p>Ahead of the Chancellor's Autumn Statement on 23 November, the LGA submitted their representation to HM Treasury. The submission spells out the urgent need to achieve financial stability for local government. The LGA calculates an overall £5.84 billion funding gap for the sector by 2019/20</p>
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Internal Audit update

Current Audits	<p>The following audits are currently in progress or at the planning stage:</p> <ul style="list-style-type: none"> • Safeguarding in Schools • Accounts Receivable • Early Years/MASH • Information Governance • Trust Funds Follow-up • Foster Care Admin Arrangements Follow-up • Adecco (agency staffing) Contract • Control Risk Self Assessment – Governance Framework • Highways Delivery/Commissioning Model <p>Members are encouraged to contact the Chief Internal Auditor (sue.lewry-jones@surreycc.gov.uk) if they have insight they wish to contribute to the above audit reviews.</p>
Counter Fraud Work	<p>Overseas pensioner verification</p> <p>We are undertaking a review of SCC pensioners who live overseas to ensure that money is being paid to the intended person. Letters have been sent to all pensioners living abroad and, to date, responses have been received from over 60% of the 455 pensioners contacted. Follow up enquiries will be made in all cases where no response is received.</p> <p>National Fraud Initiative</p> <p>We have now submitted SCC's data for the 2016 National Fraud Initiative data matching exercise. This comprised almost a million records across nine data sets including payroll, creditors and concessionary travel passes. We expect the results from the Cabinet Office to be available from the end of January 2017.</p>

	<p>Surrey Counter Fraud Partnership (SCFP)</p> <p>The SCFP continues to deliver significant savings across the County with over £5.4m of fraud prevented or detected since January 2015. All 11 boroughs and districts are now represented in the partnership allowing greater sharing of joint working and best practice to ensure that all councils in Surrey take a robust approach to protecting their services from loss through fraud and error.</p> <p>The partnership is now in the process of developing a data hub. The hub will be administered by SCC and will enable the regular bulk matching of data to support targeted campaigns as well as a robust means of verifying individuals who apply for services.</p>
Orbis Partnership	<p>Work on integrating the SCC Internal Audit team with audit colleagues from East Sussex County Council and Brighton and Hove City Council has continued apace.</p> <p>We have recently agreed an OrbisIA Data Sharing Agreement which will enable joint working across the teams.</p> <p>Ultimately the aim is to implement a single integrated audit management system, and work is currently underway to assess options.</p>
Staffing News	<p>We are pleased to welcome Zahir Khan who joined the team in September as an Auditor.</p> <p>Congratulations to Lead Auditor Tim Semken, who recently became a Chartered Internal Auditor through the Institute of Internal Auditors. Tim is now a designated CMIIA.</p>

Finance Update

Highways Network Asset	<p>At its meeting on the 26 September 2016, the Audit & Governance Committee received a report outlining the upcoming changes in the accounting treatment of highways infrastructure assets and the Council's progress on the implementation of these changes. The change in methodology was due to have a significant impact on the financial statements of the Council and would result in substantial increases in the value of non-current assets.</p> <p>At its meeting on 9 November, the CIPFA/LASAAC1 Local Authority Accounting Code Board decided to postpone the full implementation of the move to measuring the Highways Network Asset (HNA) at Depreciated Replacement Cost in local authority accounts.</p> <p>This decision will require an update to the 2016/17 Code of Practice which will need to be considered by the Government's Financial Reporting Advisory Board (FRAB)</p> <p>In making the decision, CIPFA/LASAAC recognised the commitment and work of local authorities in preparing for this change. A key part of the implementation is the provision of central Gross Replacement Cost (GRC) rates. CIPFA has been working closely with key stakeholders, including</p>
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	<p>the Department for Transport, to ensure the review of the central rates for measuring the HNA would be ready for the 2016/17 implementation date. It has become clear recently that these rates will not be ready in good time for the 2016/17 financial statements and this is the reason given for deferring the implementation. CIPFA/LASAAC are due to review this position in March 2017, with a view to implementation in 2017/18.</p> <p>Finance will continue to monitor the changes to the current advice and codes of practice in this area. They will also continue to work with both Highways and our auditors, Grant Thornton, to ensure that they are ready to implement any changes to the requirements as and when they develop.</p>
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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 20 September 2016, the Cabinet considered the following reports:</p> <ul style="list-style-type: none"> • Finance and Budget Monitoring Report to 31 August 2016 • Budget and Business Planning 2017 to 2022 <p>At its meeting on 18 October 2016, the Cabinet considered the following reports:</p> <ul style="list-style-type: none"> • Local Government Finance Settlement - Technical Consultation • Finance and Budget Monitoring Report to 30 September 2016
Council Overview Board	<p>At its meeting on 21 September 2016, the Council Overview Board considered the following reports:</p> <ul style="list-style-type: none"> • Financial Sustainability and Budget Planning 2017 To 2022 • Internal Audit: Review of Property Asset Management System Income Module • Internal Audit: Surrey Youth Centres - Governance and Business Management Arrangements
Education and Skills Board	<p>At its meeting on 15 September 2016, the Education and Skills Board considered the following reports:</p> <ul style="list-style-type: none"> • Surrey Education In Partnership
Economic Prosperity, Environment and Highways Board	<p>At its meeting on 8 September 2016, the Economic Prosperity, Environment and Highways Board considered the following reports:</p> <ul style="list-style-type: none"> • Risk Management for the Environment and Infrastructure Directorate • Report of the Winter Maintenance Task Group <p>At its meeting on 19 October 2016, the Economic Prosperity, Environment and Highways Board considered the following reports:</p> <ul style="list-style-type: none"> • Developing a Single Waste Approach
Surrey Pension Fund Committee	<p>At its meeting on 23 September 2016, the Surrey Pension Fund Committee considered the following reports:</p>

	<ul style="list-style-type: none"> • Key Performance Indicators & Administration Update • Pension Fund Accounts 2015/16 • Pension Fund Risk Register • Consultation on Amendments to the Local Government Pension Scheme Regulations: Response of the Council • Consultation on Developing an Insolvency Regime for Higher Education Colleges: Response of the Council <p>The Annual Meeting of the Surrey Pension Fund will take place on 18 November 2016.</p>
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Upcoming

The next meeting of the Audit & Governance Committee is on 5 December 2016. The following items are on the agenda:

- Gifts and Hospitality (officers)
- Property Asset Management System: Update
- External Audit Update Report
- 2015/16 Audit Findings Report for SE Business Services
- Babcock 4S Limited - Director's Report and Financial Statements for the Year Ended March 2016
- Treasury Management Half Year Report 2016/17
- Internal Audit Half-Year Report
- Half-Year Irregularities Report
- Completed Internal Audit Reports
- Ethical Standards - Annual Review
- Risk Management Half-Year Report
- Governance Update Report
- Work Programme 2017

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