

Completed Audit Reports (September – November 2016)

Annex A

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Community Infrastructure Levy	The Community Infrastructure Levy (CIL) came into force in April 2010 and allows Local Planning Authorities (LPAs) to raise funds for infrastructure through the planning application process.	<p>As at August 2016, CIL had still not been fully implemented across Surrey, with 8 of the 11 LPAs having published charging schedules and 7 having adopted CIL. 3 LPAs do not have a Local Plan agreed or operational, which is considered a prerequisite for the adoption and implementation of CIL. Officers noted that DCLG may consider imposing a Local Plan on LPAs who do not have, or are not close to having, an up to date Local Plan in place by January 2017.</p> <p>Only 1 LPA has generated any CIL monies to date for SCC, and the process for claiming any of this funding for SCC purposes has been hampered by the inherent issues regarding the local decision-making process.</p> <p>Under the previous s106 regime, around £10m p/a was reliably generated for SCC. It was originally thought that CIL had the potential to generate approximately £20m p/a for SCC, but this figure has not been achieved to date.</p>	n/a	This report was issued as a position statement and no audit recommendations were made.

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Compliance with Procurement Standing Orders (PSOs)	<p>Changes have been made to the way in which goods and services are procured at Surrey County Council (SCC).</p> <p>This audit focused on purchases made between the value of £15,000 and £99,999. The new procedures require that, where there is no existing contract in place, purchases in this value range must be supported by at least three quotations.</p>	<p>Audit testing showed that requests for quotations (RFQ) managed through the Buying Solutions Team (BST) were better documented and more consistent with agreed standards than those managed by the service area themselves.</p> <p>Audit testing found SAP could not always be used to validate the existence of a live contract. The Contracts Management System and Database (Intend) showed "awaiting contract", "contract not signed" and other similar comments against a number of suppliers for whom purchase orders (PO) had been raised.</p> <p>38 out of 203 POs had been released subject to contract waivers being approved by the Procurement Category Specialists. The relatively high incidence of waivers in relation to RFQs raises the issue of whether there should be more evidence of a proactive market search prior to the authorisation of a waiver.</p>	Some Improvement Needed	<p>Approval for Service users to obtain their own quotes should only be approved after review by the BST. (M)</p> <p>Ensure that contracts are signed promptly and details of all outstanding contracts forwarded to the BST so that details can be added to InTend and SAP. In future, contract details should be passed to the BST as a matter of priority. (M)</p> <p>Consider reviewing the purchasing process to allow the BST more opportunity to attempt an RFQ exercise before a waiver is raised. Waivers should only be raised after the BST have confirmed that a market search has been attempted. (M)</p>

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Surrey Choices (follow-up review) 2016/17	Following a review in 2015/16 of the delivery of services by Surrey Choices against its contract, this audit considered the progress made against the recommendations agreed in August 2015.	<p>There is clear evidence of progress being made against the recommendations and, while some require improvement or are not fully implemented, management are aware and addressing this.</p> <p>An upgraded performance monitoring dashboard is expected towards the end of October 2016.</p> <p>There have been significant improvements in financial monitoring and work is ongoing to incorporate this into the dashboard.</p> <p>Under utilisation of short break respite care has been addressed and a contract variation allows ongoing review of the continued commissioning of this service.</p>	Some Improvement Needed	No recommendations made.

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Carers	<p>Both the Care Act and Children and Families Act 2014 have set out significant improvements for assessing and supporting carers of all ages.</p> <p>Responsibilities for identifying and supporting young carers are placed on the local authority as a whole. The Children and Families Act 2014 introduces new rights for young carers to ensure young carers and their families are identified and their needs for support are assessed.</p>	<p>Overall, carer arrangements in SCC are aligned to the national trends. The Auditor is satisfied with the recognition of national trends in SCC carer policies and integrated vision with other partners.</p> <p>Key points noted:</p> <ul style="list-style-type: none"> • ASC are encouraged to develop an action plan including steps, stages and a circulation list for implementing future announced changes in the carer area. • An area of improvement is to identify proper mechanisms to reach out to hard to reach carers including those from minority ethnic communities and traveller groups. • Direct schools representatives are not invited to young carer strategic meetings between SCC and other partners. Head teachers that represent clusters or confederations of schools should be identified and encouraged to attend young carers meetings for direct involvement and sharing good practice. • The Auditor is not confident that the data gathered from different partners for reporting the number of carers identified or receiving support is provided in a consistent manner. 	Some Improvement Needed	<p>The new carer strategy and principles should be made easily accessible to those in the front line to raise the awareness of carer needs and be able to take informed decisions. (M)</p> <p>Considering that data about carer numbers in Surrey is provided by a range of partners (CCGs, Boroughs, Action for Carers) ASC should initiate an integrated approach and a common framework for reporting the number of carers identified in Surrey. This will improve the quality of data and will provide a better comparison between years for different stakeholders. (M)</p> <p>ASC should recognise within its strategies the increasing demand for carer services on the waiting lists provided by Crossroad Care for home based breaks service. Eligibility criteria should be reviewed, based on data analysis of the impact on carers and person in care, with a view to prioritising access for those with greater need. (M)</p>

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Community Equipment	<p>Surrey County Council (SCC) and Surrey Clinical Commissioning Groups (SCCG) jointly fund the Community Equipment Service (CES).</p> <p>The main objective of the CES is to enable people with disabilities and health problems to return to, or remain in, their own homes through the provision of items of community equipment.</p> <p>The service is supplied by Millbrook Healthcare; a private company.</p>	<p>All CCGs have agreed that SCC shall act as the Lead Commissioner for Community Equipment. To formalise this arrangement, CES drafted a partnership agreement in compliance with Section 75 of the NHS Act 2006. The draft agreement was forwarded to the corresponding CCGs but at the time of audit, no signed agreement has been received, despite regular reminders from the CES.</p> <p>There is a lack of consistent policy regarding CES funding for care service users resident in nursing homes. CES has recognised that it needs to have a strategy that enables it to advise, signpost and encourage people to go to trusted sources of supply, and where they will get professional advice and the right product at a reasonable price.</p> <p>There is no CES risk register setting out the strategic risks and challenges the service is facing.</p>	Some Improvement Needed	<p>CES should develop an action plan making the signing of the agreement with CCGs a priority and providing deadlines for the NHS partners to respond. (H)</p> <p>Develop a focused strategy for CES to include core strategic aims, to ensure a holistic approach and improve overall performance. (M)</p> <p>Include in the CES strategy provision to ensure consistency over the provision of equipment to residents in nursing homes. (M)</p> <p>CES should implement a risk register where service challenges and strategic risks should be included with appropriate measures in place for mitigation. (H)</p>

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Home Based Care (HBC)	SCC has a statutory obligation for provision of HBC support. The service is delivered through external Home Based Care providers to enable individuals to continue to live independently in their own homes. In 2015/16 the council spent approximately £42m on home based care services and has budgeted approximately £47m for 2016/17.	<p>The council is more than half way through the HBC contract; contracts are scheduled to end in 2017. At this stage of the contract term the service has not sought confirmation that Strategic Providers have complied with their contractual obligation to implement Electronic Call Monitoring (ECM) systems.</p> <p>The QA team updated the council's 'Guidance on Short Welfare and Safety Visits Call Guidelines' The service was unable to provide evidence to show that the updated guidance has been circulated.</p> <p>A contract monitoring framework is in place. In April 2016 the number of mandated Key Performance Indicators (KPI) were revised down to facilitate the reporting requirements. However, a review of the monthly performance returns indicates return rates by providers of only 6%; 2% and 24% in May; June and July 2016 respectively. The return rates are markedly low.</p>	Significant Improvement Needed	<p>Responsibility for verifying provider compliance with contract obligations should be reviewed and assigned to the appropriate team or officers. (M)</p> <p>The service should prioritise visits, as a minimum, to all SP to confirm the existence and effectiveness of their ECM systems and maintain a local record of the findings. (H)</p> <p>The service should update and re-circulate the reporting of missed calls guidance to providers and ensure adherence to procedures. (H)</p> <p>Clarification should be sought from providers on the non-submission of KPI data. Contractual obligations should be reviewed and either implemented or removed (specifically the penalties for the non- submission of KPI data). (M)</p>

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Home Based Care (cont'd)		<p>The service does not have a robust process to monitor the effectiveness of care visits conducted by any qualified providers (AQPs), who are by number the largest provider type that services are procured from.</p> <p>The contract makes provision for financial penalties to be applied for the non- submission of payment related key performance indicators. There is no evidence to indicate the service has invoked any penalties, which represents a not insignificant loss of income. Calculations, based on a minimum deduction of 2%, suggest that in 2015/16 the council has forfeited income of approximately £445,000 by not invoking the contractual penalties.</p> <p>The service conducts annual client satisfaction surveys. A comparison of 2 years survey results on the area of the timeliness of care suggests that approximately one third of the responding cohort are of the opinion that their care workers are not visiting at the agreed times nor are they staying for the total duration of the scheduled visit time.</p>	Significant Improvement Needed	<p>The service should ensure the Strategic Partnerships have implemented an effective Electronic Call Monitoring system and that AQPS are effectively recording performance data. (M)</p> <p>The service should circulate the 'Guidance on Short Welfare and Safety Visits' to all care practitioners drawing attention to the limitations around 15 minute visits and ensuring sufficient monitoring is done for the council to know what is happening on the ground. (H)</p> <p>Implements and administer a robust monitoring and performance reporting process. (M)</p> <p>The service should take steps to check that individuals in receipt of a care service are receiving their care in a timely manner and for the duration commissioned. Survey results should be further disseminated to identify provider trends for the timeliness of care visits received. (M)</p>

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Civil Parking Enforcement 2016/17	<p>The County Council delegates responsibility for the management of its statutory on-street parking function to the district and borough councils via Agency Agreements.</p> <p>Where a surplus is generated, Agency Agreements determine that this is shared between SCC, the district / borough and the relevant Local Committee. Where a deficit is recorded, the district / borough bear the financial risk.</p> <p>The audit was carried out following concerns about the accuracy of financial returns from some district / borough councils.</p>	<p>The audit identified a number of weaknesses in present SCC procedures, with some significant concerns in relation to financial returns submitted by Reigate & Banstead Borough Council (RBBC).</p> <p>In particular:</p> <p>The requirement that all boroughs / districts have their annual returns subject to audit verification prior to submission to SCC has not been enforced or met for the life of the present Agency Agreements (2013-date)</p> <p>Audit testing identified that some financial information submitted by RBBC (who also administer on-street parking for Tandridge district) was inaccurate. There was no evidence to support any of the indirect costs submitted for the Tandridge return for 2015/16. The Local Committee had been supplied with inaccurate information which may have impaired the scrutiny and decision making process.</p> <p>An inconsistent methodology for apportioning costs between on-street (SCC) and off-street (district / borough) parking was noted for all areas reviewed, with little evidence that SCC officers were monitoring this appropriately.</p> <p>A number of other areas of non-compliance with the Agency Agreements were noted (in relation to information required to be submitted, reporting of income written off, timeliness of the transfer of funds and KPIs.</p>	Significant Improvement Needed	<p>Management should ensure that audit certification of annual financial returns is undertaken by boroughs and districts prior to submission to the County Council. (H)</p> <p>Management should review all accounts submitted by RBBC (in respect of both RBBC and TDC) under the present Agency Agreement to gain assurance that they have been fairly and accurately stated. Management should consider whether the results of this audit necessitate an urgent review of the parking enforcement activities carried out by RBBC. (H)</p> <p>Management should consider, as part of the review of Agency Agreements, stipulating that fixed cost apportionment is accurate and based on actual figures wherever possible. (H)</p> <p>Management should review the terms of the Agency Agreements and perform an exercise to ensure that all boroughs / districts are fully compliant. (M)</p>

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Managed Print Service	In March 2013, Cabinet approved the adoption of a modern Managed Print Service (MPS) to replace an estimated 1,800 ageing printers and photocopiers, reduce costs, rationalise the number of devices and improve the work environment. Cabinet also approved the award of a five year MPS contract to Xerox UK Ltd.	<p>In accordance with the terms of the original contract, Xerox invoked a review of volumes and a change to unit charges. SCC negotiated revised rates and an extension of the contract to 31 January 2021. The contract change request is due to signed imminently but it is not clear from which date the revised schedule of rates will become effective.</p> <p>There have been some issues with breakdowns particularly at Quadrant Court where usage is relatively high.</p> <p>There is currently no means of checking the usage details submitted on Xerox invoices for payment. Non-provision of details about individual Multi Functional Device (MFD) usage and breakdown also hinders analysis of MFD reliability and utilisation.</p> <p>“Service level credits” are not being posted to the relevant cost report. No credit notes appear on the Xerox Vendor Account settlement report. It was therefore concluded that credit notes had not been received or processed</p>	Some Improvement Needed	<p>The effective dates of the revised Xerox pricing schedule should be clarified and communicated to the Finance Control Manager and the Workplace Delivery Manager. (M)</p> <p>Remind users of the need to report Multi Functional Device (MFD) faults to the Help Desk at the earliest opportunity to ensure that faults can be attended to promptly. (M)</p> <p>Xerox should be asked to make details of individual MFD breakdown history available to enable SCC to identify MFDs which are problematic or which may need to be replaced. (M)</p> <p>Xerox should be asked to make available utilisation data for each MFD to enable more detailed checking of invoiced sums and spot-check of readings should such action be considered necessary. (M)</p> <p>Investigation as to why credit notes for service credits have not been processed should be carried out. (M)</p>

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Review of Implementing BACS Software Replacement 2016/17	The Bankers Automated Clearing Service (BACS) owned by major banks and building societies in the United Kingdom (UK) is one of the world's largest automated clearing houses. As a result of the internet community adopting new and improved certification protocols and BACS withdrawing support for older connection protocols from 13 June 2016, SCC's BACS Bureau needed to either upgrade or replace the existing system for compliance. The audit reviewed this project.	<p>The existing BACS provider for SCC, Bottomline was not intending to upgrade the software but instead, offered new software at a significantly higher cost. This prompted the council to look to the open market for a suitable alternative.</p> <p>There are only 18 BACS accredited providers in the UK and all organisations using BACS were competing for their services to meet the 13 June 2016 deadline. The business case for a Hosted Bureau was approved by the Project Board.</p> <p>The costs involved did not require a full tendering exercise and due to tight timescales, phased implementation was approved by the Project Board. The Project Team worked effectively by obtaining a contract waiver from Legal Services to share sensitive information with prospective suppliers prior to a contract being in place.</p> <p>APT Ltd was awarded a 3 year contract with effect from 6 May 2016 and the replacement software was implemented in early June 2016 as part of Phase 1.</p> <p>SCC is due for a BACS inspection on 9 December 2016 prior to which Phase 2 is due to be completed. The completion date for Phase 3 is expected to be 31 March 2017. Due to resource constraints, some improvements proposed in the original business case have been removed.</p>	Some Improvement Needed	<p>The Project Team should follow up all outstanding risks and any emerging risks during Phases 2 and 3 and completed. (M)</p> <p>The improvements to manual processes using automation outlined in the original business case with timescales should be progressed to implementation without being lost. (M)</p> <p>The resources should be prioritised to ensure readiness for the inspection in December 2016 by completing the pre-inspection questionnaire, tidying up the i-connect space by removing the locally archived files and the custom script that converts the social care customer number in SAP to enable direct debits to be collected should be introduced, tested and evidenced. (M)</p> <p>The Phase 3 items should be reviewed after the inspection in December 2016 to decide the options available for scheduling and completing the work by 31 March 2017. (M)</p>

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AIS Replacement System	In May 2015, Cabinet agreed the replacement of the ASC IT systems. The new case management system is provided by Liquidlogic while the financial modules have been procured from Oxford Computer Consultants (OCC). The project was scheduled to implement phase 1 of the system in Summer 2016.	<p>The Project Board includes both technical and non-technical ASC officers and representation from the IMT, Finance and Procurement Teams. The Project Team is supported by 'System Champions' individuals from across ASC and Mental Health. Roles and responsibilities of the board are clearly laid out in the project documentation.</p> <p>Communications from the project team, since go-live, suggest that system access has been granted to some users who have not completed the requisite training.</p> <p>Since migration it has come to light that some case notes did not fully migrate. The data quality manager is scoping out a post live data cleanse plan which is expected to include the assignment of the unallocated cases and the retrieval of the missing case notes. At the time of this report the plan was not available for review.</p>	Effective	<p>The service should ensure, where practicable, that all current officers have successfully completed the requisite training. (M)</p>

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Public Service Transformation (PST)	<p>In July 2013, central government selected Surrey as one of the first nine areas to participate in the PST Network. The Transformation Network spreads the innovation and shares the learning from the whole-place Community Budget pilots.</p> <p>The programme consists of five key areas of work:</p> <ul style="list-style-type: none"> Emergency Services Collaboration Family Support Programme Health and Social Care Integration Transforming Justice Improving Mental Health Crisis Provision 	<p>Partnership working was generally considered to be positive and it is apparent that these working relationships have been further developed and strengthened through this transformation programme.</p> <p>Information sharing across partners was highlighted as an area which needs to continue to improve.</p> <p>Programme governance arrangements are generally sound for each of the workstreams and the programme support provided through the Working Together programme office is valued.</p> <p>This does not mean however that projects have necessarily been delivered on time or that envisaged benefits have been realised.</p> <p>While businesses cases for individual workstreams envisage significant savings across the public sector arising from this work, identifying cashable savings is not straightforward. From this perspective, although there is a general belief, amongst those involved, in the value of this work, it is not possible to prove that these initiatives have all provided the best use of public funds.</p> <p>As a consequence the financial sustainability of some of this work cannot be taken for granted</p>	n/a	No high or medium priority recommendations were raised.

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General Ledger (GL)	<p>The GL is a key financial system which supports internal accounting and the production of the annual financial statements.</p> <p>The GL is subject to an annual audit review by internal audit as part of its overall assessment of the robustness of internal controls.</p>	<p>Tests undertaken on key elements of the system demonstrated good compliance with current procedures.</p> <p>The service is addressing historic balances on key GL Suspense and Control accounts as part of a multidisciplinary team approach.</p>	Effective	<p>Available guidance should be current and previous versions should be removed from the Intranet. A regular review of active GL codes should be undertaken to ensure that codes that are no longer being used are blocked or removed from the list of active codes. (L)</p> <p>The service should ensure that the current work of the multi-disciplinary team to appropriately account for the outstanding balances on various GL codes is completed by April 2017. (L)</p> <p>It is good practice to encourage consistency in inputting journals and ensure that key information is included so that an audit trail can be maintained. (L)</p>

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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