



AUDIT & GOVERNANCE COMMITTEE  
13 June 2017

**INTERNAL AUDIT ANNUAL REPORT 2016/17**

**SUMMARY:**

This report summarises the work of Internal Audit for the period 1 April 2016 to 31 March 2017, identifying the main themes arising from the audit reviews and the implications for the County Council. The Audit Performance Managers report key findings and recommendations arising from audits undertaken as part of regular reporting to this Committee on completed audits.

A list of all Internal Audit reports issued in the period is attached at Annex A for information. In response to member interest in management action taken to implement Internal Audit recommendations this report also provides, at Annexes B and C, details of progress made to date for those audit reports previously presented to this Committee.

**RECOMMENDATION:**

Members are asked to note the work undertaken and performance of Internal Audit in 2016/17 and the resultant annual audit opinion; and, determine whether there are any matters that the Committee wishes to draw to the attention of the Cabinet or the County Council.

**INTRODUCTION**

- 1 The Accounts and Audit Regulations require every local authority to undertake an adequate and effective internal audit of its accounting records and of its system of internal control. Within Surrey County Council the Internal Audit function carries out the work required to satisfy this legislative requirement and reports its findings and conclusions to management and to this Committee.
- 2 Best practice requires the Chief Internal Auditor to produce an annual report that:
  - (a) provides an opinion on the overall adequacy and effectiveness of the organisation's control environment
  - (b) discloses any qualifications to that opinion, together with reasons for the qualification
  - (c) presents a summary of the audit work from which the opinion is derived
  - (d) draws attention to any issues of particular relevance
  - (e) compares the work actually undertaken against the work that was planned

- 3 This report fulfils the requirements above and represents the Internal Audit Report for the period 1 April 2016 to 31 March 2017. This report informs the 2016/17 Annual Governance Statement and provides an overview of the key findings arising from the audit reviews and the implications for the County Council. Taking account of the issues described the Committee will need to consider whether any matters should be referred to the Cabinet or the County Council.

#### **BACKGROUND TO THE YEAR 2016/17**

- 4 Internal Audit has been relocated back into the Finance community, away from its former home in the Chief Executives Directorate, and is now a part of Orbis; a business services partnership between East Sussex and Surrey County Councils, and Brighton & Hove City Council. At the heart of the business plan is a new operating model, based on collaboration between the three councils. This aims to take the best from each authority to exploit economies of scale and integrate management structures and business processes for more effective working.
- 5 Through the effective integration of resources, Orbis aims to provide excellent customer service and deliver public value by building on its expertise, innovation and passion. Orbis aspires to be the compelling alternative for other public service partners and customers. During 2016/17 the Surrey County Council Internal Audit team has worked closely with the two partner internal audit teams to share best practice and align working processes. This work will continue through 2017/18 as Orbis-Internal Audit moves towards a fully integrated team by March 2018.
- 6 Collaborative working has led to changes in various aspects of Internal Audit practice and process. The majority of visible changes – including revised audit opinions, and report format – have taken effect from 1 April 2017 and thus do not impact on this retrospective report, which looks back at the year completed to 31 March 2017. A notable change, however, occurred in February 2017 with the retirement of Surrey County Council's Chief Internal Auditor. Her duties have been taken on by the two Audit Performance Managers in lieu of the appointment of a new Chief Internal Auditor for the entire Orbis-Internal Audit partnership, due in May 2017.
- 7 During 2016/17 the former Chief Internal Auditor and subsequently the Audit Performance Managers have continued to undertake the following responsibilities to complement the work of Internal Audit:
- Member of the Investment Panel (which reviews business cases in advance of them being presented to Cabinet for approval);
  - Member of the Information Risk Governance Board;
  - Member of the Governance Panel;
  - Member of the Strategic Risk Forum;
  - Being the council's Money Laundering Regulatory Officer
- 8 The high profile of Internal Audit reports has been maintained throughout 2016/17 with the Audit and Governance Committee and Scrutiny Boards showing a strong interest in what action officers have taken in response to Internal Audit recommendations. The on-line library means all elected members can access reports as they wish.

#### **INTERNAL AUDIT OPINION**

- 9 The overall audit opinion, based on the reviews completed during the period, on the governance and internal control environment during 2016/17 is **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.

- 10 In forming this opinion, the Chief Internal Auditor can confirm that Internal Audit activity throughout 2016/17 has been independent of the rest of the organisation and has not been subject to interference in the level or scope of audit work completed. There are no qualifications to this overall opinion.
- 11 This overall audit opinion is largely a reflection of the system and procedural controls around the County’s key financial systems that are subject to annual review by Internal Audit and are considered to be sound. It is noted however that despite the controls in place, there is a high risk as highlighted in the Leadership Risk register of failure to achieve the Medium Term Financial Plan (MTFP) going forward as a result of:
  - not achieving savings
  - additional service demand and/or
  - over optimistic funding levels

12 More generally however in wider service reviews some specific weaknesses were identified by Internal Audit that meant that control in those particular areas did not provide reasonable assurance that risks are being managed so that objectives would be met. The following table shows the spread of audit opinions for the 55 standard audit reports issued in the period 2016/17 with comparative information for 2015/16.

Audit Opinion	2015/16		2016/17	
	No of Audit Reports	%	No of Audit Reports	%
<b>Effective</b>	17	29	<b>10</b>	<b>18</b>
<b>Some Improvement Needed</b>	25	43	<b>31</b>	<b>57</b>
<b>Significant Improvement Needed</b>	11	19	<b>9</b>	<b>16</b>
<b>Unsatisfactory</b>	2	4	<b>1</b>	<b>2</b>
<b>n/a</b>	3	5	<b>4</b>	<b>7</b>
<b>Total</b>	<b>58</b>	<b>100</b>	<b>55</b>	<b>100</b>

13 A complete list of audit reports issued in the period is set out in Annex A. The key issues arising from audit work completed during 2016/17 are set out in the Key Audit Findings section of this report.

**MANAGEMENT ACTION PLAN (MAP) PROGRESS UPDATE**

- 14 A summary of Management Action Plan (MAP) progress in implementing audit recommendations for audit reports issued in the period July – December 2016 can be found at Annex B
- 15 Annex C contains details of all audit reports issued prior to July 2016 where implementation of High Priority recommendations has not previously been reported to this Committee as “Green”.

<b>PERFORMANCE SUMMARY</b>
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- 16 The audit plan for 2016/17 was approved by this Committee on 11 April 2016. This plan was based on a budget of £665k. Actual outturn at the year-end was £627k. The table below shows actual performance against the original plan for the year.

<b>Audit Area</b>	<b>Plan Days (whole year)</b>	<b>Actual Days</b>	<b>% Actual to planned</b>
Corporate Governance Arrangements	75	75	100%
Key Financial Systems	175	168	96%
Grants	54	23	43%
Contract reviews	135	115	85%
Service reviews (systems and projects)	845	679	80%
Follow-up Audits	45	66	147%
Innovation & Client Support and Service liaison	178	231	130%
Special reviews not included in the original audit plan. NFI and other fraud prevention Irregularity investigations	340	293	86%
Audit planning and management, corporate and member support	270	279	103%
<b>Total days</b>	<b>2117</b>	<b>1929</b>	<b>91%</b>
Figures as shown in 2015/16 report (for comparison)	2069	1937	94%

- 17 The Internal Audit team establishment for 2016/17 comprised 12 full time equivalent (FTE) staff. The team had four vacancies for much of the year and so agency resource has been used throughout the period to cover these vacancies and help ensure satisfactory delivery of the annual audit plan.

18 2016/17 Annual Audit Plan completion

Annex D provides an analysis of completion of the 2016/17 Internal Audit programme of work. Further information is set out below.

Deferred/Cancelled Audits - the following audits, which were included in the 2016/17 annual audit plan, were cancelled and/or deferred for the following reasons:

- Public Value Transformation – audit cancelled as this has now become business as usual as part of the budget planning process;
- Public Health Contract Preparedness – audit cancelled as this area was reviewed in some depth in February 2016 under the 15/16 plan and no new emerging risks were identified;
- Special Schools – audit cancelled due to reassessment of risk priority

- Pension Fund Investments – audit cancelled because of positive audit opinions in prior years, and assurance from Surrey Pension Fund Committee review.
- Treasury Management – audit cancelled as we have had substantial assurance in this area for a number of years, and additional assurance comes through guidance and directives from Cipfa. The area is in the audit plan for 2017/18
- Highways Works Management System – audit cancelled as three other audits in the service area took priority.
- Nursery Education follow-up – audit deferred to 2017/18 to allow for directorate restructuring to take effect in a relatively low risk audit area.
- Community Transport - audit deferred to 2017/18 due to timing issues.
- Bus Operating Contracts - audit deferred to 2017/18 due to timing issues.
- Integrated Waste Data Management System - audit deferred to 2017/18 as system is not sufficiently advanced to be audited.

In addition, as shown in Annex D, a small number of audits relating to 2016/17 are still in progress.

#### 19 Grants

Four grant certification audits were completed in the period, as follows:

- Superfast Broadband (BDUK)
- Troubled Families ('Payment by Results')
- Bus Subsidy
- Teacher Training (SCiTT)

In addition, the Internal Audit team undertook the independent certification of a return to the Department for Education on behalf of a maintained school.

#### 20 Fraud and Irregularity and Special Reviews

The 2016/17 audit plan included specific time for Irregularity and Special Investigations (audits which, although not in the annual plan, take place as a result of concerns being raised directly with Internal Audit by Members or officers). Some of this time (71 days, approximately 0.63 of a full time employee) was spent on investigating alleged irregularities. The Council's Financial Regulations require all matters involving, or thought to involve, corruption or financial irregularity in the exercise of the functions of the County Council to be notified to the Chief Internal Auditor/Audit Performance Manager who will decide whether an audit investigation is appropriate.

A separate report has been produced for this Committee which provides more information on the irregularity investigations undertaken by Internal Audit during 2016/17.

Also included in this is time spent on fraud awareness work, including an update on the Counter Fraud Strategy and Framework, the Fighting Fraud Plan 2016/17, the use of data analytics as part of proactive fraud work, and partnership working through the Surrey Counter Fraud Partnership.

#### 21 Customer Satisfaction Survey (CSQ)

The Internal Audit team is continually aiming to improve the service it provides and as such, on completion of each review the auditee has traditionally been asked to complete a Customer Satisfaction Survey (CSQ) to provide feedback on a number of

aspects of the audit – from planning through to reporting. The CSQ also asks for an overall rating on the added value of the audit on a scale of 1 to 4, where 1 is **not very** useful and 4 is **very** useful.

The return rate for this paper-based survey has dwindled over the past three years to the point where the volume of returns received was in single digits for 2016/17. As part of the Orbis-Internal Audit review of processes, a revised format for gathering customer feedback is being devised to take advantage of technology and good practice in this area. The new methodology will be implemented later in 2017/18.

#### **EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT**

- 22 A report on the findings of the 2016/17 review of the effectiveness of the system of Internal Audit was presented to this Committee on 27 March. This review concluded that assessed against the PSIAS assurance can be taken that Surrey County Council Internal Audit provided a suitably professional, independent and objective service throughout 2016/17.
- 23 In conducting the assessment against the PSIAS it is apparent that Internal Audit has performed particularly well in terms of ensuring appropriate anti-fraud arrangements are in place. One member of the team is an accredited counter fraud specialist and during 2016/17 an Orbis-Internal Audit Fraud workstream has been established which has encouraged greater sharing of knowledge of fraud risks across Orbis partners.
- 24 Key Stakeholder feedback suggested that the internal audit service was seen as very helpful, robust, friendly and professional. Activity was clearly linked to the organisation's priorities to encourage improvement, with the independent assurance provided being of value to members and officers alike.
- 25 No matters of non compliance with the Public Sector Internal Audit Standards were identified that would require mention in the 2016/17 Annual Governance Statement.

#### **KEY AUDIT FINDINGS**

- 26 The key audit findings arising from completion of the 2016/17 Internal Audit plan are categorised under the seven themes as set out below:

##### **1. Adult Social Care (ASC)**

- An audit of Home Based Care arrangements was assessed as **Significant Improvement Needed** with 3 high priority recommendations. It was recommended that responsibility for verifying provider compliance should be reviewed and reassigned, and that Quality Assurance visit relevant providers to ensure their Electronic Call Monitoring (ECM) systems existed and were effective. Guidance about missed calls needed updating and re-circulating, and the non submission of expected KPI data from providers per contractual terms needed addressing. Other recommendations were made around obtaining information from care recipients about the quality of their care, especially around short duration care visits.
- An audit of the HIV Service led to an opinion of **Some Improvement Needed**. Arrangements for continuation of the service were unclear, due to funding decisions needing to be agreed between SCC and CCG's. Arrangements for contract management and for monitoring visits to contractor sites needed to be sharpened at the date of audit. Outcomes from service specifications were not being monitored by Public Health, nor were

anonymous quality assurance surveys being undertaken as per the Service Specification.

- An audit of Direct Payments led to an opinion of **Some Improvement Needed**. Refreshed guidance and checks on reconciliations submitted by DP recipients provided assurance that processes were operating as expected. 8% of cases checked by the auditor (19 of 225) were referred to ASC for further explanation over possible irregular expenditure by the recipient. Differences in how locality teams identified and progressed such queries were noted.
- An audit of 0-5 Health Visitors in Public Health was given an **Effective** opinion, with no recommendations arising.
- An opinion of **Some Improvement Needed** was awarded to a follow-up audit of Surrey Choices. Progress had been made against recommendations in the prior year review, though the suitability and relevance of the performance monitoring dashboard remained questionable (an upgrade was being planned) and improvements to financial monitoring were still ongoing.
- An audit of Carers led to an opinion of **Some Improvement Needed**. A number of recommendations were made to pick up issues of consistency in partner data provided to SCC; and to establish robust mechanisms to contact 'hard to reach' carers in ethnic and travelling communities.
- An audit of Community Equipment produced an opinion of **Some Improvement Needed**. It was identified that agreements with CCG's had not yet been formalised, and that a risk register specific to this area would be of value. A recommendation was made to address the consistency of equipment provision to residents in nursing homes. Access to the CES system through a PIN system was reviewed and improvements proposed to PIN management and control.
- An audit of the AIS Replacement System (LAS and ContrOCC) was undertaken to establish the project governance and data quality assurance arrangements. An opinion of **Effective** was given in this respect.
- An audit of Better Care Fund – Commissioning and Delivery arrangements was undertaken to look at how schemes were approved, how they are managed, monitored and scrutinised, and how effective they are in terms of achieving better integration and helping to meet strategic objectives. This led to an opinion of **Some Improvement Needed**, with recommendations made to improve the transparency of the purpose of some projects, and to expedite the signing of Section 75 agreements between SCC and CCG's.
- The audit of the Stop Smoking Service was given a **Some Improvement Needed** opinion. The contract was drafted to incentivise the new service to attract the difficult to reach priority groups and the contractor has made some good progress to achieve this, However, even allowing for a period of bedding in of the service, the overall number of users of the service so far has been lower than expected and there are concerns that the contractor will not meet the core Performance Indicators quickly.

- An audit of ASC Quality Assurance was given an opinion of **Some Improvement Needed**. Whilst visits to providers are undertaken, there was no formal central repository to record concerns from users, care groups and stakeholders. A core responsibility is to conduct a monitoring visit to all 7 strategic Home Based Care providers during the life of the contract. One visit is currently outstanding and needs to be completed before October 2017. Some of these issues are currently being addressed by the team through a proposed QA Information Sharing System, to be implemented by April 2018.

## 2. Children Schools and Families (CSF)

- An audit of Data Management in the Directorate led to a **Some Improvement Needed** opinion. Several aspects of breach management needed improvement to ensure records of breaches and subsequent actions were complete. Not all recorded breaches were supported by a breach template originating from the manager reporting the breach, nor did narrative follow a standard format. Follow-up checks were inhibited by a lack of information about the manager reporting or tasked with addressing breaches. Training records were unclear across staff, and there was no method of identifying for risk purposes within the directorate where the most sensitive data was held.
- An audit of the School Improvement Strategy was deemed **Effective**, with minor recommendations around the governance arrangements for half-termly reporting to key officers, as well as periodic reports to Cabinet and Scrutiny Board.
- A follow-up audit of Foster Care resulted in a **Some Improvement Needed** opinion. Significant improvement had been made since the last audit in this area in 2015/16 recorded an Unsatisfactory opinion. Recommendations were made to ensure that ahead of Liquid Logic's LCS system going live, records of DBS checks for foster carers, linked carers and household members were undertaken and recorded, and also periodically reviewed for completeness and accuracy. Clarity over the insurance arrangements in place for damage caused by a foster child within the home of the carer were proposed within the Foster Care Handbook after ambiguity in practice was identified.
- A review of Safeguarding in Education led to a **Some Improvement Needed** opinion, with recommendations being made to strengthen follow-up procedures within SCC where schools had identified substantial areas for improvement (to ensure assurance is obtained that action has been taken), and to remind schools of the need to make publically available their Child Protection and Safeguarding Policy, after a number failed to do so from the sample tested.
- A review of progress made against the CSF Improvement Plan was undertaken, looking specifically at areas previously the subject of Ofsted inspection. These areas were: Missing Children, Care Leavers, and Quality Assurance. An overall opinion of **Some Improvement Needed** was given, as the actions taken by the service to act on recommendations made in audits throughout 2016/17 was assessed as appropriate and robust.

### 3. Highways

- An audit of Lot 5 (Flood Prevention) within Highways Contract Management resulted in an opinion of **Significant Improvement Needed**. 6 high priority recommendations were made. A key issue found in the audit included the role the contractor played in managing the sub-contractor undertaking the works on the council's behalf, where effective contract management was not achieved. Issues in the accuracy of performance data from the contractor, as well as inconsistencies in records held by council and contractor, lead to control weakness and low assurance that work stated as having been completed had, in fact, been done. Other issues around governance and procedures were also commented upon.
- An audit of the agency arrangements around Civil Parking Enforcement was undertaken, with an opinion of **Significant Improvement Needed**. The principle issue lay with compliance with the agency agreements by the borough and district councils, and recommendations were made to improve arrangements around the audit certification of annual financial returns and subsequent management review; in how fixed costs apportionment is undertaken; and in a wider review of relevant guidance and processes.
- An audit of Highways Commissioning & Delivery (Integrated Transport Schemes) was given an opinion of **Some Improvement Needed**. Areas identified for improvement included the use of variation orders and the works ordering process (through Kier). Recommendations were also made to improve the ability of Local Committees to assess and scrutinise complex schemes.

### 4. IMT Security and Information Governance

- An audit of ASC IT Solution (an e-brokerage module, phase 2 of wider e-market place software known as the Provider Portal) was given a **Significant Improvement Needed** opinion. The project had been affected by significant delays and only 300 of 3,600 ASC providers had registered on the portal at the time of audit. Estimated savings of £15m from 2013/14 had been anticipated from the ability to better utilise social capital, which this new process should have helped in (by allowing practitioners to identify resources in the community which could substitute for previously purchased services) but which would not now be achieved as planned.
- The audit of Information Governance produced an opinion of **Some Improvement Needed**, with no high priority recommendations. A key finding was that service IG teams were still largely acting independently of each other, despite a recommendation to address this in the 2015/16 audit. It was also found that Breach data is published annually, where more frequent reporting would enable common and emerging issues to be identified more quickly. Other areas for improvement identified in the audit included consolidation of IG information on S-Net; more explicit data retention guidance; and more effective management of IG-related training.
- An audit of Cyber Security was undertaken and received an opinion of **Some Improvement Needed**. This review undertook compliance testing against criteria including governance arrangements; boundary firewalls and internet

gateways; secure configurations; access control; malware protect; and patch management. Principal areas for recommendations were around security issue resolution analysis; firewall rule management; audit policy and account lockout settings; and the compliance of password settings to IT Security Policy. There was also a recommendation made for the council to consider joining the Cyber Essentials Scheme.

- An audit of BACS Software Replacement was given an opinion of **Some Improvement Needed**. Recommendations addressed outstanding risk issues surrounding Phases 2 and 3 of the project, and were made around ensuring that proposed automated processes to replace manual ones were not lost as the project evolved. Remedial administrative issues were identified ahead of a planned inspection by BACS in December.
- An opinion of **Some Improvement Needed** was given to the audit of SAP Application & Interface Controls. Two areas were identified where controls could be strengthened: over master data change logs (which were limited to HR data only), and to periodically review user access to ensure the appropriateness of live accounts.

## 5. Risk Management and Organisational Ethics

- The annual audit of Risk Management has an opinion of **Some Improvement Needed**. Three low priority recommendations were made, around the need to make more consistent the format of risk registers; and to more consistently identify timescales or targets around actions to mitigate risks.

## 6. Procurement and Contract Management

- An audit of Contract Monitoring in CSF attracted the opinion **Some Improvement Needed**, and made a total of 15 recommendations (2 High Priority, 5 Medium, and 8 Low). Key issues identified in the audit – which reviewed the management of the Hillcrest and Virgin Care contracts – included risk registers not being kept up to date; financial monitoring not being undertaken and/or reported; a lack of integration of the findings of the Independent Review Officer's annual review into overall contract management arrangements; and the need to develop more formalised contract storage arrangements.
- A review against Compliance with Procurement Standing Orders (for procurement between £15k and £100k) was given an opinion of **Some Improvement Needed**. Issues identified included inconsistencies between S-Net guidance and PSOs; enhancement to processes surrounding Request For Quotations (RFQs); and recommendations to ensure contracts are properly signed and recorded on the contract register.
- A review of the Managed Print Service contract led to an opinion of **Some Improvement Needed**: no high priority recommendations were made, though improvements were suggested in respect of clarifying the effective dates of the revised Xerox pricing schedule. Enhancements to the data submitted by Xerox to SCC were proposed in order to enable validation of usage details on Xerox invoices to be checked.

- A review of Performance Management of the Adecco Contract attracted an opinion of **Some Improvement Needed**. The audit found that there was a lack of a formal process for central recording and escalation of issues, and that there were opportunities for streamlining how costs were allocated within SAP GL codes. KPIs reported by Adecco were difficult to validate in terms of both cost data, and unfulfilled orders. Minor administrative issues were also identified with system access and central monitoring of orders.

## 7. Other

- An audit of Premises Security led to an audit of **Significant Improvement Needed**, with 15 high priority recommendations being made. Audit work followed on from a review by the National Counter Terrorism Security Office (NaCTSO), which had concluded that security arrangements in place at County Hall were not effective in deterring a possible attack. The audit identified similar issues at outlying offices (Consort House, Fairmount House and Quadrant Court). Recommendations made addressed areas including CCTV coverage; the notification of leavers to Facilities Team for effective access pass management; the numbers of 24/7 passes in circulation; and revised processes for schools, which were identified as higher risk establishments.
- An opinion of **Significant Improvement Needed** was given to an audit of Health & Safety arrangements. 8 High Priority recommendations arose from this review, in a total of 18 recommendations made. Significant issues were identified in tree safety management (where the arrangements did not discharge the council's ability to defend itself from charges of negligence as supporting information was unknown, unavailable or inadequate. Other areas of concern were the training records for H&S (data suggests 80% of SCC employees do not have up to date training); the inconsistencies between source data and reported data to CJSC and SRN; inconsistencies in how incidents were recorded on OSHENS that made underreporting of incidents highly likely; and the failure of some nominated attendees at H&S meetings.
- An audit of Surrey Youth Centres (Governance and Business Management Arrangements) produced two opinions: one of **Some Improvement Needed** for strategic arrangements, but one of **Unsatisfactory** for Business and Management Support arrangements. In the latter respect, 25 recommendations were made, 12 of them high priority. Issues included poor accounting practices for cash handling and banking both at the front line and the corporate centre; improper use of purchasing cards; poor budget monitoring arrangements; and a lack of effective practice and guidance issued to staff since the service was brought back in-house from the managing agents. Despite poor controls generally, there was no indication of fraudulent practice.
- An audit of the Gifts and Hospitality process produced an opinion of **Significant Improvement Needed**, with 3 high priority recommendations. There was a lack of ownership for this policy within the council, leading to it being out of date and inconsistent against the Code of Conduct for officers. Arrangements to ensure officer compliance against the policy were unclear, and monitoring processes which would detect, prevent or monitor individual

awards or cumulative totals received were largely non-existent. Controls over data integrity within the records declared were also weak.

- An opinion of **Some Improvement Needed** was given to an audit of Carbon Reduction Commitment (CRC) and Greenhouse Gas Emission (GGE) Reporting Schemes. Recommendations were made to improve clarity within the procedures (which had resulted in a duplicate payment of £390k being made in-year); for a targeted council-wide campaign to encourage energy saving; and for raising awareness of CRC issues within relevant service risk registers.
- An audit was undertaken to run a Life Certification check against all 455 pensioners who are living abroad whilst receiving a pension through the Surrey scheme. This produced an **Effective** opinion - 443 out of 455 requests were completed and returned. Of the remaining 12, the total monthly pension payment of £2k to 11 pensioners has been suspended with effect from 1 May 2017 and the twelfth one requires follow-up.

#### **IMPLICATIONS:**

- 27 There are no direct implications (relating to finance, equalities, risk management or value for money) arising from this report. Any such matters highlighted as part of the audit work referred to in this report, would be progressed through the agreed audit reporting policy.
- 28 Terms of Reference for all audit reviews include the requirement to specifically consider value for money; risk management; and, equalities and diversity.

#### **WHAT HAPPENS NEXT:**

- 29 The Audit Performance Manager will continue to update members on the progress of issues within this report that have not been fully concluded.

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**Sources/background papers:** Internal Audit reports