

Audit	Background to review	Key findings	Audit opinion ⁽¹⁾	Agreed Actions (Priority) ⁽²⁾
<p>Review of Payroll (2016/17)</p>	<p>The main objective of the payroll system is to pay the correct employee, the correct amount at the right time. The council's payroll bureau is responsible for preparing the salaries for payment to council employees. The payroll system used is a module within SAP which is the council's main financial ledger system. The payroll bureau also provides payroll services to schools and other agencies. The scope of the audit was to evaluate and test controls to ensure that employee salaries are accurately calculated and paid on time.</p>	<p>Areas for improvement are as follows:</p> <p>Evidence for staff opting out of the LGPS is not always kept.</p> <p>On a number of instances staff in ASC and CSF were in breach of the Working Time Regulations, i.e. working more than 48 hours per week over a 17 week period. There is no policy or procedure in place to ensure that staff are either risk assessed or sign an opt-out form before they work for more than 48 hours per week to meet operational needs of the service.</p>	<p>Reasonable Assurance</p>	<p>The recently introduced Monthly Data Collection should resolve this issue. (Medium)</p> <p>The council should have a policy in place for WTR which has been agreed by the Leadership Team. There should also be procedures in place to help managers comply with the policy which should be communicated to managers in services. Compliance with the policy and procedures should be monitored by services and reported to the senior management teams in services. Non-compliance and regular breaches should be risk assessed and reported to the Leadership Team. (Medium)</p>



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Performance Appraisals	<p>Performance appraisal is a method of evaluating the job performance of an employee. All employees should receive an annual appraisal from their manager in accordance with corporate policy.</p> <p>The objective of the audit was to assess and provide assurance on the adequacy and effectiveness of the internal controls over the appraisal process.</p> <p>The system was last audited in 2013/14 when the audit opinion was Major Improvement Needed and a number of control weaknesses were noted.</p>	<p>Not all appraisals sampled had been moderated by management, and different approaches were adopted to how moderation was undertaken. Some services moderated all appraisals, others only those that recorded a result of Exceptional or Improvement Needed. Other services did not moderate at all.</p> <p>Only a small number of appraisals that were sample tested conducted any 360 degree feedback exercise.</p>	Reasonable Assurance	<p>Service leads need to ensure moderation happens (per policy) through a fair process. Moderation guidance to be recirculated in February 2018, with an offer for senior managers to have support from HR to reflect on the past year. (High)</p> <p>There is a new focus on mid-year appraisals being the opportunity to discuss development and conduct the majority of feedback related activity. More guidance, toolkits and feedback tool will be forthcoming to support this process. (Medium)</p>

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<p>Unaccompanied Asylum Seeking Children (UASC)</p>	<p>Any unaccompanied migrant child who presents to a local authority is referred to that authorities' Children's Services. Under Section 20 of the Children Act 1989 the authority has a duty to accommodate them.</p> <p>SCC looks after on average 800 children per year of which, in June 2017, 140 were UASC. The associated placement cost in 2016/17 was £6.6m</p>	<p>There is a statutory duty for SCC to provide a health assessment to all looked after children within 20 working days. In May 2017 Children's Services introduced revised procedures to complete initial health assessment paperwork within 2 days. 14 of 15 UASC records tested showed that the 20 day assessment timescale had not been met, and for 7 of 8 UASC tested from post May arrivals the 2 day target had not been met.</p> <p>13 of 15 UASC tested were placed outside of the county due to the lack of placement provision. 30% of UASC are placed out of county compared to 15% of looked after children generally.</p>	<p>Reasonable Assurance</p>	<p>A new pathway for submitting Initial Health Assessment paperwork (to be completed within 2 days) was implemented in July 2017. This will be closely scrutinised by the Children's Improvement Board. (High)</p> <p>It is a priority for the service to reduce the number of children placed out of county through increasing locally available placements. Initiatives such as the pilot Welcome Centre have had a positive impact as part of this strategic development. (Medium)</p>



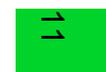


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Contract Management	<p>In August 2017 there were 1203 live contracts on the Contract Management System (CMS) with associated expenditure in Q1 of £215.6m. The newly established Procurement & Contract Supply Team has been formed to ensure suitable levels of contract management.</p> <p>The audit assessed whether the Team has a clear overview of all live contracts and that arrangements are in place to manage contract risk after they have been awarded.</p>	<p>Some suppliers on frameworks or DPS agreements were not registered as expected, and contract documentation/contract manager details were not always on CMS.</p> <p>Identification of contracts which are “at risk” is not possible because contract managers are not formally required to maintain or report on a contract risk register.</p> <p>Business Continuity Plans of suppliers are not suitably evaluated.</p> <p>Four of eleven contracts reviewed were signed >60 days after the date of commencement of services. Two other contracts were undated, and in 1 cases CMS had no documentation.</p>	Reasonable Assurance	<p>Contract certificates and documentation must be forwarded to Buying Solutions team for input to CMS, whilst instructions will be issued to staff to ensure completeness of system information (Medium)</p> <p>Contract managers will be required to undertake an initial risk assessment and to update risk documentation in CMS or PAMS. Managers of contracts in segments 1-3 will be required to maintain a risk register (Medium)</p> <p>Revised guidance will be issued to ensure that BCPs and updates are suitably evaluated (Medium)</p> <p>The need to ensure signatures are in place will be emphasised to officers, helped by the implementation of a new e-signature system. Contract and Supply Team will carry out periodic reviews to ensure compliance (Medium)</p>

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NMI Placement Management	<p>Where there is not enough Special Educational Needs & Disability (SEND) provision in state-funded schools, or in complex cases, or following a tribunal, then children are placed in non-maintained independent schools (NMIs). In such cases, Surrey County Council (SCC) pays the agreed fees. In 2017/18 the budget for this service was £39.7m.</p> <p>The percentage of Surrey pupils in NMIs is consistently around twice the national average (11.9% vs 5.2% in 2017).</p>	<p>Tests aimed at locating expected documentation to support NMI placement authorisation revealed that Area teams were not following a consistent methodology. Lack of readily available documentation has potentially led to delays in authorising SRM requisitions.</p> <p>NMI results, outcomes and performance are not monitored or measured to a sufficient degree. Contracts with NMIs, many of whom are paid in excess of £1m per annum are not subject to the standard contract management controls applied in other areas therefore NMI performance is not formally assessed.</p>	Partial Assurance	<p>An improved process for evidencing the justification of NMI placement, the search activity, the selection decision, the comparative costs, and any other relevant factors will be clarified, established and implemented (High)</p> <p>Efforts to establish contract management will be made as a matter of priority. It is recognised that this will enable better scrutiny of fees, monitor progress made by children, and help to bring about better value for money (Medium)</p> <p>Contract managers will be appointed and given specific objectives to achieve better relationships, measure school performance and improve value for money (Medium)</p> <p>New contract mechanisms will be specified to encourage schools to provide acceptable levels of service (High)</p>





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Community Transport	<p>SCC has allocated approximately £621,990 in 2017/18 for Community Transport, of which £340,000 is grant funding to nine Dial-A-Ride scheme providers (Borough and District Councils, plus voluntary organisations).</p> <p>This is a specialist door-to-door transport service run under Section 19 legislation of the Transport Act 1985, with eligibility criteria for scheme users attached.</p> <p>There had not been a previous audit review of this aspect of Community Transport before this planned audit.</p>	<p>Grants are allocated on a historical basis based on fleet size. There was no evidence to show that the funding formulae have been amended since the inception of the programme in 2000, though reviews of allocations in 2014 and again in 2016 determined this historical basis should continue.</p> <p>Monitoring and reporting processes show that whilst funding is allocated for a 12 month period, the activity data returned by providers is almost 6 months after the financial year end.</p> <p>Monitoring and performance returns from providers identify gaps and inconsistencies in the financial and operational details submitted to the council.</p> <p>Visits to 4 providers established that not all providers conduct eligibility checks on individuals who register to use the Dial-A-Ride service – application forms are taken as a self-certification of eligibility. Testing also showed the IT registration systems have no sense checks for date of birth or other details entered to them to register an application.</p>	Reasonable Assurance	<p>The service will continue to look into different models for grant funding allocations in conjunction with co-design work with ASC and to take into account pending legislative changes for Section 19/22 permits. Consultation on changes in allocation formulae expected in 2018/19 financial year (Medium)</p> <p>The service will look to ask providers to submit interim mid-year statistics relating to overall passenger journeys from 2018 onwards (Medium)</p> <p>The service will refine monitoring and evaluation spreadsheets to focus on essential data that all providers can consistently supply (Medium)</p> <p>The service can raise awareness with providers to ensure that robust IT systems are in place for residents registering to use the schemes, though this issue does not fall under the control of the service (Medium)</p>

¹ Audit Opinions

Substantial Assurance	Controls are in place and operating as expected to manage key risks to the achievement of system or service objectives.
Reasonable Assurance	Most controls are in place and operating as expected to manage key risks to the achievement of system or service objectives.
Partial Assurance	There are weaknesses in the system of control and/or the level of non-compliance such as to put the achievement of the system or service objectives at risk.
Minimal Assurance	Controls evaluated are not adequate, appropriate, or effective to provide reasonable assurance that risks are being managed and objectives should be met.

² Agreed Actions

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

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