

Audit	Background to review	Key findings	Audit opinion ⁽¹⁾	Agreed Actions (Priority) ⁽²⁾
Capital Expenditure (Nov 17)	<p>The council manages its £638m capital programme through a 5 year Medium Term Finance Plan (2016-2021). For year ending 2016/17 services spent £135m of the £142m planned budget. Forecast spending for 2017/18 is £171m against a budget of £186m.</p> <p>This is an annual audit area under the Key Financial Systems within the annual plan</p>	<p>The Auditor was able to obtain assurance on processes in place from project initiation to delivery, closure and post-implementation. Comparison of approved project budget to actual costs identified no material discrepancies.</p> <p>Improvement could be made around the post-completion review process: such reviews tend to be informal rather than fully documented with evidence of evaluation and/or lessons learnt.</p> <p>Information on the S:Net site relating to project management should be updated as it has not been reviewed since October 2014 and contains out of date references.</p>	Substantial Assurance	<p>Finance are to schedule a discussion at Investment Panel to consider how the profile and benefits to be gained from formal post-implementation reviews can be raised. This is due to happen by March 2018 (Low).</p> <p>Finance plan to review and update the guidance on S:Net to address the issues identified by the end of December 2017 (Low).</p>

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Premises Security follow-up (Nov 17)	<p>The 2016/17 audit of Premises Security produced 14 high priority recommendations and an opinion of Significant Improvement Needed.</p> <p>The follow-up audit sets out the extent to which the Council has adopted the recommendations raised in the original review and determines whether the risks previously identified have been addressed.</p>	<p>Of the previous recommendations made in 2016/17, one remained unaddressed. It had been recommended that security between the public gallery overlooking the council chamber and the secure areas of the building required improvement. The proposed solution was to post a member of security outside the gallery during public meetings to ensure that members of the public left the building after meetings ended.</p> <p>The Auditor tested this at the full Council meeting of 23 May 2017 and found that this process was not in place: there was no security in attendance and 10 members of the public were in attendance in the gallery. Of these, 3 left during the meeting and without any security protocol there was limited assurance that they had actually left the building as expected.</p>	Reasonable Assurance	The Facilities Team will liaise with Democratic Services to ensure this protocol is implemented and ensure that regular communication is maintained. This will allow for an officer to be deployed outside the gallery entrance when members of the public are in attendance.

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<p>Health and Safety follow-up (Nov 17)</p>	<p>The 2016/17 Health and Safety Internal Audit report was issued in January 2017 with an opinion of Significant Improvement Needed.</p> <p>The report raised 18 recommendations, of which 8 were identified as High Priority.</p> <p>The follow-up audit sets out the extent to which the Council has adopted the recommendations raised in the original review and determines whether the risks previously identified have been addressed</p>	<p>The Council has taken positive steps to address the recommendations of previous reports. Attendance at Central Joint Safety Committee has improved.</p> <p>The recording of H&S incidents on OSHENS has improved, though 10% of incidents recorded between January-October 2017 had not been reviewed by managers</p> <p>SFRS has been progressive in ensuring that accident reporting data and KPI's are reported consistently and in a timely manner.</p> <p>The procurement of a system to record H&S training is underway, though implementation has been delayed from May to August 2018.</p> <p>A workshop to consider risks and strategies relating to trees was held in November 2017 – it was concluded that it would be more flexible for services to document their own inspection/works delivery arrangements. This will be reviewed by the Corporate Health and Safety Committee in early 2018.</p>	<p>Reasonable Assurance</p>	<p>The importance of documenting any actions and closing cases on OSHENS to be overseen through reporting and discussion at H&S Ops Team. Raising awareness through H&S Ops Team to notify H&S Reviewing Manager of any changes to line managers (Medium).</p>

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<p>Deprivation of Liberty [DOLS] Safeguards (Nov 17)</p>	<p>DOLS form part of the Mental Capacity Act 2005. The safeguards are intended to ensure that individuals without mental capacity to consent to treatment in hospital or care homes do not have their freedom inappropriately restricted.</p> <p>Each DOLS assessment comprises six separate assessments. Partly due to the process of assessment and partly due to the volume of applications, local authorities nationally are experiencing delays in processing DOLS assessments.</p>	<p>There are around 6,000 DOLS applications awaiting assessment and/or authorisation. This figure has increased year on year and includes 394 assessments not yet authorised but have expired.</p> <p>Around 50% of assessments are carried out by council employed (rather than external) Best Interest Assessors (BIAs) including 'pool' BIAs. Feedback from this cohort suggests DOLS work is seen as being an 'addition' to their day jobs and it is apparent from statistics that they have difficulty fitting assessments into their substantive posts.</p> <p>At the time of audit there were 862 completed DOLS assessments awaiting authorisation, of which 394 were completed over a year ago and cannot be used. Based on average costs of BIA staff, this approximates to a financial loss of £102k as the assessments must be redone.</p>	<p>Partial Assurance</p>	<p>Management action has been taken to reiterate expectations on assessors and on authorisers, and urgent requests can be allocated quickly. Once the outstanding cases have been authorised, the service will review target levels again (in January 2018) allowing for associated risks and costs (High).</p> <p>A recent communication from the ASC Deputy Director has highlighted to managers the need to give pool BIAs time to complete assessments. The service is actively increasing the listed of "trusted" independent BIAs to increase capacity. To save costs, assessments within SCC are no longer commissioned from an agency but instead from independent BIAs (Medium).</p> <p>At the beginning of November 2017 the number of assessments awaiting authorisation had dropped to 380. The communication from the DD(ASC) reminded staff of the expected timescales and gave tips to help approvers manage their DOLS requests. The DOLS module in LAS was introduced in October 2017 which will help performance reporting and allow for follow-up for those authorisers who are not completing applications (Medium).</p>

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Surrey Choices (Dec 17)	<p>Surrey Choices is an integral part of SCC’s delivery of social care outcomes.</p> <p>Since its formation the company has been operating at a loss. To support the business the original block contract of £11.3m was increased by £2m in 2016 and a revised business plan formulated.</p> <p>In 2016/17 the company returned a £0.8m loss. Projections suggest a pre-tax profit of £0.1m in 17/18 and £0.2m in 18/19.</p> <p>The audit scope was to look at the robustness of the company’s governance arrangements, including financial reporting and performance.</p>	<p>Whilst front line services are being delivered as expected, some of the underpinning governance arrangements are not in place to support the day to day business:</p> <p>Next steps in implementing the May 2017 Code of Governance were unclear.</p> <p>Internal control could be improved by adding to the draft Financial Policies & Procedures Manual in cash-handling, inventory, credit control and procurement.</p> <p>Elements of the overall contract (including information governance and business continuity) were not regularly reviewed through contract monitoring.</p> <p>Concerns around data in Choices Connect had manifested in the year, though recent checks by ASC staff provide more assurance.</p> <p>There was no apparent evidence to ensure compliance with the Health & Safety Act.</p>	Partial Assurance	<p>Since the appointment of the new Managing Director in July 2017 a 100 day Action Plan has been approved by the Surrey Choices Board, which includes a complete overhaul of strategic business and planning processes, policies and procedures.</p> <p>A Board away day was held on 7 November to reinforce this, and this was followed up by a report to the Shareholder Board on 23 November where the Plan was agreed.</p> <p>This Plan includes a rapid review and roll-out of the company’s financial management information, which is due to be completed by 31 December 2017. The Board has approved the appointment of a Policy Development Manager with responsibility to introduce and monitor up-to-date and fit-for-purpose policies throughout the company.</p> <p>Since the audit the company MD has instigated a planned programme of activities that is now underway and being undertaken by SC staff and external advisors to be completed by 31 March 2018 to deliver critical IT and IG policy and provision improvements, GDPR compliance in time to meet the May 2018 deadline, and Social Media.</p>

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Surrey Choices (Dec 17) continued	As above	<p>The company held a high proportion of debtors over 90 days, mostly as a result of non-billing or inconsistent pricing under previous management. Action is being taken to address this.</p> <p>At the time of audit, there was no established IG policy or guidance for reporting a data breach, are awareness of GDPR issues was lacking.</p> <p>Policies to ensure safeguarding within the Social Media environment were not fully established.</p> <p>At the time of audit, 47% of all new employees had not signed their contract of employment. This matter had been regularly raised in monitoring by the Shareholder Board.</p>	Partial Assurance	<p>The company business continuity plan will be reviewed and amended as appropriate to meet requirements.</p> <p>As part of the 100 day Action Plan the MD has instructed the interim SC Head of HR to ensure that all staff contracts of employment are signed by 31 December 2017 (Medium).</p>
Review of CRC and GHG Emissions (Dec 17)	SCC has a statutory responsibility to comply with the Government's Carbon Reduction Commitment (CRC) Energy Efficiency Scheme and publish its Greenhouse Gas emissions online.	<p>There had been no changes to staff, systems and processes since the previous year audit and the team is familiar with what is required.</p> <p>Changes to team structures and roles as a result of the Orbis integration have not impacted on the current year.</p>	Substantial Assurance	There were no actions arising from this audit.

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<p>Compliance with Procurement Standing Orders (Dec 17)</p>	<p>The current PSOs were issued in 2015 although an update is expected soon. There are 1,127 live contracts in place across the council, with an annual spend (16/17) of £862.6m.</p> <p>This planned audit provided assurance that key controls were in place for a number of areas including seeking and obtaining quotations; authorisation of purchases; contract awards; registration of contracts and waivers.</p>	<p>In a serious but exceptional case, 11 Vehicle Cross Over (VHO) contracts have been deemed unlawful by Legal Services as not all eligible contractors were not invited to tender.</p> <p>Purchase orders for £540k raised in respect of these 11 VHOs were released without proper contracts being in place.</p> <p>A summary report of all Gateway projects status is not produced, which would allow exceptions to be highlighted at a glance.</p> <p>Two supply contracts which marginally exceeded OJEU thresholds were not advertised in the Official Journal of the EU as they should have been, although one incident may have been a technical fault. Other small areas of non-compliance were noted.</p>	<p>Partial Assurance</p>	<p>Procurement management are aware of this case and are working with Legal to determine the best outcome (High)</p> <p>A formal system for tracking contracts agreed but not yet signed will be introduced to help monitoring and to reduce the risks where purchase orders are raised where there is no contract in place (Medium).</p> <p>A summary activity report of Gateway activity and status will be produced to provide better management information and to highlight exceptional activity (Medium).</p> <p>It is accepted that some non-compliance with PSOs has occurred. Lessons will be learnt and Procurement staff will be asked to note errors made in an effort to eliminate errors and ensure better compliance (Medium).</p>

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Pupil Premium (Dec 17)	Pupil Premium grant is provided by the DfE based on school census data. This funding is additional to the delegated schools budget and its purpose is to raise educational attainment of disadvantaged pupils of all abilities.	<p>Of the schools tested, 70% had published their pupil premium strategy online for the old academic year and not – as required by DfE – for the current one.</p> <p>The degree of published detail about how schools intend to use and measure the impact of Pupil Premium money was also variable.</p> <p>In a 2012 DeE report Surrey schools were included in the top 10 of schools under-claiming Pupil Premium. In 2017 the service has commissioned a pilot study in the Woking area to gain insight into the current situation. The audit recommended that the results be shared with the Children and Education Select Committee.</p>	Reasonable Assurance	There were no agreed actions of High or Medium Priority

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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